

A License to Free Ride? Centrality, Authority & Ostracism in Social-Dilemma Networks

Boris van Leeuwen*
Abhijit Ramalingam#
David Rojo Arjona\$
Arthur Schram&

January 20, 2014

Preliminary version

Warning: quoting this version may be hazardous to your reputation.

Abstract

We investigate the effects of power derived from centrality and authority on contributions in repeated social dilemma settings. Groups of five players play VCM-games on a fixed network, where there is one central player that connects two pairs of periphery players. Centrality is defined by the position that a player has in the network. Central players are vital to maintain a connected network and therefore have more power than players in the periphery. In some treatments the VCM is converted to a multi-player trust game, where the central player is given more power by giving her the authority to allocate the joint funds raised through contributions. Our results show that power matters; both centrality and authority yield more free riding than is observed for players in the periphery. This goes unpunished. Powerful players are not excluded more than others except in extreme cases. We conclude that power provides a license to free ride.

JEL-Codes:

Key Words:

*Corresponding author. Amsterdam School of Economics, CREED and Tinbergen Institute; Roetersstraat 11, 1018WB Amsterdam. email: B.vanLeeuwen@uva.nl.

#University of East Anglia, School of Economics; email: A.Ramalingam@uea.ac.uk.

\$Chapman University, Economic Science Institute; email: rojoarjo@chapman.edu.

&Amsterdam School of Economics, CREED and Tinbergen Institute; email: Schram@uva.nl.

Acknowledgments

The authors would like to thank audiences at various presentations of this paper. (UEA, ESA North America, Turku, Chapman, India (where exactly?))