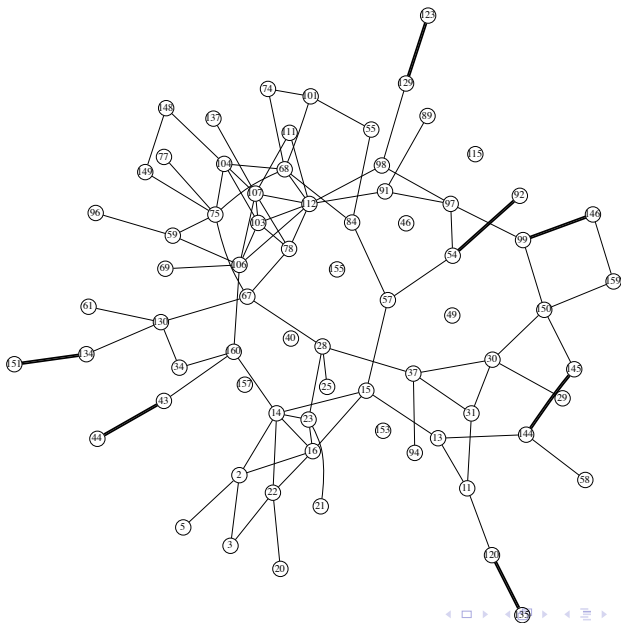


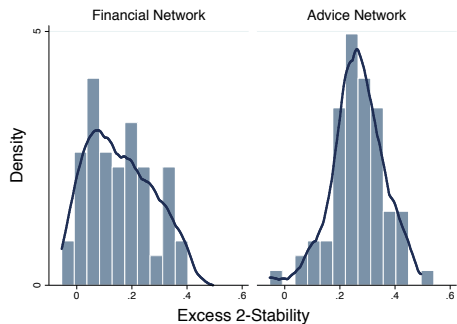
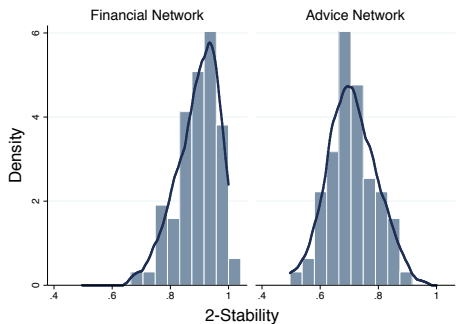
A Revealed Preference Measure of Stability in Social and Economic Networks

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- Question: we observe a network. Can we quantify stability?
- No agents prefer to deviate by forming (bilateral) or dissolving (unilateral) links.
- \iff notion of stability in terms of data (observed network)
- \iff there exists some profile of preferences such that this network is pairwise stable (with respect to the preference profile).





- Increased stability \rightarrow greater diffusion of new information in some cases.
- Stability reinforces the importance of network structure in the diffusion of information.
- Targeting of central nodes in network to increase the spread of a new microfinance program...
- More effective when network is associated with a higher measure of stability.