

Online Social Networks in Economics

Preliminary first draft

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Comments welcome!

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Abstract

In this chapter, I describe how economists study social networks. While economists borrow from other fields like sociology or computer science, their approach of modeling of social networks is distinguished by the emphasis of the role of choices under constraints. Economists realize that socioeconomic background and economic incentives affect the structure and composition of social networks. At the same time the characteristics of social networks are important for economic outcomes like the matching of workers to jobs and educational attainment. I review the theoretical and empirical literature that investigates these relationships and discuss possible implications of new, internet based, forms of social interactions.