**Project Updates**

My application to CERF consisted of two projects, I provide an update on both below.

Networked Markets and Relational Contracts (joint with Ben Golub, Harvard and Matt Leduc, PSE).

In this paper we model relationships between businesses as relational contracts, derive the structure of these contracts and show that these contracts can be interpreted as social capital---and that this social capital is quickly lost in times of recession and takes a long time to recover.

The theory component of the paper continues to remain work in progress. We have made some progress with this, but more is needed. We are exploring possible applications of the paper to the COVID-19 crisis. There have been major supply disruptions and we would like to explore how social capital in these markets is affect in the longer term.

Endogenous Financial Networks: Efficient Modularity and Why Shareholders Prevent It (joint with Jonathon Hazell, MIT and Co-Pierre Georg, Bundesbank and University of Cape Town)

In this paper we study the divergence between efficient financial networks and the financial connections banks choose to form.

The paper is now close to completion. Since the last report we have revised the paper. It is now revise and resubmit at the Journal of Economic Theory where Xavier Vives is our editor.

We continue to promote the paper and present it regularly. I was due to give a talk on the paper at the Society for Economic Dynamics in an invited session in Barcelona this spring, but the conference was canceled because of the pandemic.

This paper is available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2658249>

**Other related activities**

Publications since last report:

* Commitment and (In)Efficiency: a Bargaining Experiment (joint with Marina Agranov, California Institute of Technology), accepted *Journal of European Economic Association*.
* Networks and Economic Policy (joint with Alex Teytelbaum, Oxford and Sanjeev Goyal , Cambridge). Oxford Review of Economic Policy (2019).

Papers that are revise are resubmit:

* Social investments and informal risk sharing (joint with Attila Ambrus, Duke) revise and resubmit *Review of Economic Studies*.
* Endogenous Financial Networks: Efficient Modularity and Why Shareholders Prevent It (joint with Jonathon Hazell, MIT and Co-Pierre Georg, Bundesbank and University of Cape Town) revise and resubmit *Journal of Economic Theory*.