

CONTENTS

<i>Acknowledgments</i>	1
1. Introduction	2
1.1 Why We Need to Study Networks in Economics	2
1.2 Heritage and Development of Network Science	4
1.3 Basic Concepts in Network Science	5
1.3.1 Graphs, Nodes, and Edges	5
1.3.2 Degree	6
1.3.3 The Special Case of Bipartite Graphs	6
1.3.4 Assortativity and Clustering	8
1.3.5 Community Structures	8
1.3.6 Correlation-Based Networks	9
1.3.7 Temporal Networks	11
1.4 Fault Lines	12
1.5 The Chapters in Brief	12
1.6 Note on Joint Work	14
2. Institutional Hierarchy and Volatility in Financial Markets	15
2.1 Introduction to Herding Models	15
2.2 Generic Herding Model	18
2.3 Financial Market Framework	20
2.4 Network Hierarchy and Core Weights	23
2.5 Simulation Setup and Results	25
2.5.1 Network-Adapted Transition Rates	25
2.5.2 Simulation Setup	27
2.5.3 Core Structure and One-Leader Benchmark	27
2.5.4 Varying the Core Structure	29
2.6 Discussion	30

3. <i>Persistence of a Network Core in the Time Evolution of Interlocking Directorates</i>	33
3.1 Introduction to Corporate Board Networks	33
3.2 The Dataset	36
3.3 Analysis of Cores of Directors	38
3.3.1 Random Benchmark	38
3.3.2 Density and Corporate Reach	42
3.3.3 Centrality	44
3.4 Core Persistence and Individual Turnover	46
3.4.1 Evolution of Company Links	46
3.4.2 Director Survival	47
3.4.3 Turnover in Company and Director Centrality	48
3.4.4 Identifying Company Groups	50
3.5 Discussion	54
4. <i>Evolution of Uniformity and Volatility in the Stressed Global Financial Village</i>	56
4.1 Introduction to Stock Market Correlations	56
4.2 Methods	57
4.3 Data	60
4.4 Results	61
4.4.1 Dynamics of the Individual Markets	61
4.4.2 Dynamics of Market Intra-Correlations	62
4.4.3 Inter-market Correlations in the Global Financial Market	65
4.4.4 Dynamics of the Global Financial Village	67
4.5 Discussion	67
5. <i>Structure in the Italian Overnight Loan Market</i>	70
5.1 Introduction to Bank Networks	70
5.2 Regularities in Trade Behavior	72
5.3 Volatility and Trade Flows	73
5.4 Estimation of Credit Spreads and Preferential Lending Relationships	78
5.4.1 What Loan Rates Can Tell	78
5.4.2 Estimation	78
5.4.3 Results	80
5.5 Lending Dynamics and Financial Crisis	85
5.5.1 Development of Credit Spreads and Volume Dynamics	85
5.5.2 Lending in the Post-Lehman Market	88

5.6 Discussion	92
6. <i>Conclusions</i>	93
<i>References</i>	96
 <i>Appendix</i>	 107
A. <i>A Holography of the German Stock Market</i>	108
A.1 Introduction and Data	108
A.2 Correlations	108
A.3 Holography	109
B. <i>The Herding Model</i>	114
B.1 Independent One-Leader Benchmark	114
B.2 Source Code of the Herding Simulation	118
C. <i>Further Details about the Board Network</i>	121
C.1 Source Code of the Clustering Algorithm	121
C.2 Distribution of Board Membership	124
C.3 Transition Matrices for Board Membership	124
C.4 Adjacency Matrices Sorted by Cliques	126
D. <i>Plots of the Financial Village</i>	129
D.1 Partial Correlations	129
D.2 Pairwise Correlations between Countries	130
D.3 Dynamics of ICF	133
D.4 Meta-Correlations	134
D.5 Alternative Crosscorrelation Plots	139
E. <i>Additional Plots on the Interbank Loan Market</i>	141
<i>Eidesstattliche Erklärung</i>	145