

1046-91-1432 **Scott Duke Kominers*** (kominers@fas.harvard.edu), 8520 Burning Tree Road, Bethesda, MD 20817. *Clubs, Beliefs, and Entrapment*.

Dixit introduced a game-theoretic model of club formation in which network effects lead to entrapment of the entire community. Although Dixit's model appropriately models many types of entrapping clubs, its assumptions are too stringent in the important case of technology adoption.

To model entrapment in this situation, we develop a simple game-theoretic model of club formation under uncertainty. In our framework, the entire community might prefer the status quo to club membership, but there is some uncertainty regarding the likelihood that a club will form. Within this setting, beliefs become self-fulfilling prophecies and communities may freely adopt clubs against their best interests. Dynamics may reinforce or lessen these effects. (Received September 15, 2008)