

Christian Scholars Program: Economics Team

“The Moral and Social Dimensions of Microeconomic Behavior In Low-Income Communities”

2001-2002 Annual Report

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The Christian Scholars Program's economics team aims to explore the role of nonmaterial preferences and constraints – such as social norms, altruism, duty, trust, fidelity, solidarity, identity – in influencing behavior among or on behalf of poor subpopulations seemingly most in need of material advancement. Our collective work is focused around three core topics: (i) the social nature of investment and learning about new opportunities, e.g., about new production technologies or prospective market opportunities that may improve well-being and fuel economic growth and improved livelihoods; (ii) the functioning of solidarity and reciprocity arrangements to cushion the poor against adverse shocks; (iii) the place of generalized morality, social identity, and socially exclusionary groupings on contracting and resource access. Recent literatures on trust, fairness, social capital, the economics of altruism, interactions-based modeling, social learning, etc. all bear on these topics.

The team completed a successful second year marked by our first conference panel presentation, a stimulating second team meeting, the completion of more than 30 draft papers, more than 40 presentations of those papers at conferences and seminars at leading economics departments around the world, the completion of data collection in several empirical sub-projects and the commencement of data collection in the last of our empirical sub-projects, significant expansion of the team web site and promising communications with several prospective publishers. This annual report describes each of these activities as well as objectives for and anticipated activities in the project's third year.

PROJECT ACCOMPLISHMENTS TO DATE

The team's overall objectives are to (a) foster a vigorous, original discussion within the discipline on the role of nonmaterial (moral and social) preferences and constraints on microeconomic behavior in low-income communities, and (b) publish a major book that will disseminate the project's scholarship and have an impact throughout the discipline. In order to continue making good progress toward those objectives, we had the following six intermediate objectives for the second project year (2001-2), each of which was achieved as planned.

(1) Successful Second Team Meeting: Twelve of fifteen team members (Bowles, Loury and Platteau were unable to attend) gathered for the second annual team meeting May 23-25, 2002, at the Lodge at Woodcliff in Perinton, NY, a suburb of Rochester. The expanded, three-day format accommodated in depth presentation and discussion of papers by team members. The team was joined by Drs. Kurt Berends of the Christian Scholars Program and Indraneel Dasgupta, a collaborator of Kanbur's from the University of Nottingham (U.K.). The stated objectives of the second team meeting were (i) to provide a forum for team members to present work in progress under this project, and (ii) to finalize the team's plans for conference panels and joint publication(s). Each of these objectives was fulfilled.

As the program in Appendix 1 indicates, a two and one half days were spent discussing individual projects. These papers present an exciting mix of theoretical and empirical work on the nature of human behavior – microeconomic decision-making – as it both affects and is affected by morally- and socially-influenced identity and the human communities that form around shared identities. We held a number of group discussions about strategies for organizing this work into a published volume and into panels for presentation at major professional meetings, and for extending this work in a prospective second three-year phase to the project, organized around the theme of “the nature

of the social good". The group agreed to produce at least one edited monograph, to be published by a major academic press, in addition to the refereed journal articles that we each anticipate producing. Publication options are discussed further below.

(2) Seminars and conference panel presentations: As an intermediate step toward final publication of an edited volume and individual journal articles, we anticipated team members presenting project papers at seminars and conferences this second year. We held our first conference panel and had a second accepted for presentation at the main economics meetings each January.

We ran our team's first conference panel, at a major international conference held in March 2002, at the University of Oxford (U.K.). The panel included the following papers by Barrett, Carter, LaFerrara, and Platteau, with Loury chairing:

Session on "Social and Moral Dimensions of Microeconomic Behavior in Africa"
Center for the Study of African Economies conference on
"Understanding Poverty and Growth in Sub-Saharan Africa"
March 18, 2002, Oxford, UK

Session Chair: Glenn Loury, Boston University

Presenters: Eliana LaFerrara, Bocconi University (Italy), "Self-Help Groups and Income Generation in the Informal Settlements of Nairobi"

Marco Castillo, University of Newcastle upon Tyne (UK) and Michael Carter, University of Wisconsin-Madison, "Trust and Altruism: An Experimental Approach to Social Capital"

Marieke Husentruyt, London School of Economics (UK), Christopher B. Barrett and John G. McPeak, Cornell University, "Pastoralists' Migration Behavior: Strategic Interdependence, Social Identity, Violence, and Rational Egalitarianism"

Jean-Philippe Platteau and Frédéric Gaspart, Facultés Universitaires Notre Dame de la Paix, Namur (Belgium), "A Non-Market Theory of Bride Prices With Application to Senegal"

The team's second panel was accepted for presentation as part of the Association of Christian Economists (ACE) program at the January 2003 Allied Social Sciences Association (ASSA) meetings in Washington, DC. That panel will feature papers by Barrett, Foster, and Loury, as well as an outsiders' perspective on the project by Professor Arthur Brooks (Syracuse University), and will be chaired by Prof. J. David Richardson (Syracuse University), a Christian Scholars Program Advisory Board member. The program is as follows:

Panel on "Identity, Community and the Economics of Poverty"
Association of Christian Economists annual meetings
January 3, 2003, Washington, DC

Session Chair: J. David Richardson, Syracuse University and Institute for International Economics

Presenters: Andrew Foster, Brown University, "On Reciprocity, Solidarity, Altruism and Trust"
Glenn Loury, Boston University, "On Group Identity and Individual Behavior"

Chris Barrett, Cornell University, "On Social Networks and Economic Development"

Arthur Brooks, Syracuse University, "An Outsider's Perspective on the Pew Christian Scholars Program's Economics Project"

In addition to these group efforts, our team has been busy presenting a range of seminars of papers from (or closely related to) this project. These are listed in Appendix 2 and include at least 33 papers presented in at least 48 seminars at leading economics departments and conferences worldwide.

The project's work is already beginning to seep into graduate curricula in leading programs around the world through new modules that draw on papers from this project. Michael Carter notes that his graduate development economics course at the University of Wisconsin-Madison now includes a one week section that contrasts moral norms with social norms and considers how both might influence human behavior. Barrett's graduate development economics course at Cornell similarly now includes one week on social norms, identity and community in risk management and contracting. Bowles taught related material at the International Summer School at the University of Siena (Italy). Fafchamps taught a course in Japan in summer 2002 that made heavy use of the findings from this project.

(3) Publications: The team plans to publish an edited volume as well as individual journal articles. The team leader began contacting prospective publishers about the edited volume. Two presses (Edward Elgar and Routledge) have been especially enthusiastic about the project and have already offered contracts. Discussions with other publishers have proceeded more slowly, but are likewise promising, with Cambridge University Press and Oxford University Press expressing considerable interest. We had originally expected to have entered into a publication contract by now. However, at the May team meeting, we agreed to wait a bit until we had a clearer sense as to whether there would be a second three-year project and, if so, how the two would fit together. In particular, we are considering an option to broaden the book with a public conference at Cornell, launched with some very high profile contributors from outside the team in order to "create a buzz" about the project within the profession in advance of publication. We do not expect to make a final decision on a press now until early 2003.

The editors of *Faith & Economics*, the journal of the Association of Christian Economists, have also expressed a strong interest in publishing the proceedings from the panel on "Identity, Community and the Economics of Poverty", to be presented at the January 2003 ASSA meetings in Washington, DC. These should appear in the Spring 2003 issue of the journal.

Individual team members have already begun publishing papers from or closely related to this project. Noteworthy, related recent publications by team members include Glenn Loury's Harvard University Press book, *The Anatomy of Racial Inequality*, and the forthcoming Princeton University Press book by Sam Bowles, *Economic Institutions and Behavior: An Evolutionary Approach to Microeconomics*, and Marcel Fafchamps' forthcoming MIT Press volume, *Market Institutions in Africa*. Each of these reflects core themes of the Pew project, with the latter volume drawing on data collected under this project.

(4) Updated and Expanded Team Web Site: A web site for the team was established at Cornell University in spring 2001 (<http://afsnrm.aem.cornell.edu/Pew/>). The site includes links to each team member's personal web page, a link to the Christian Scholars Program web site at Notre Dame, an overall statement of the team's objectives, synopses of the constituent sub-projects, a copy of the original project proposal, information on the May 2001 and May 2002 team meetings, and a page of links to team members' relevant working papers and publications. This web site has been repeatedly updated, with new papers added regularly, is attracting many "hits" and inducing emails from research project directors in Europe, Latin America and North America intrigued by the project. In addition to the team web site, the team has a restricted use (team members only) listserv that we use for intra-team communications.

(5) New Data Collection: The project's seven empirical sub-projects all involve collection and analysis of new data, from Bangladesh, Ethiopia, Ghana, Honduras, Kenya, Madagascar, South Africa and Tanzania. Each of the projects has begun this data collection, although a couple of the sub-projects suffered significant, unanticipated delays in beginning data collection. Several of the team traditionally make their data publicly available, so these new data sets will be a measurable contribution to scholarship in economics above and beyond the written analysis the principal investigators contribute.

(6) Team Leader Participation in Christian Scholars Program Team Leaders Meeting: The team leader participated in the February, 2002, team leaders meeting in Captiva Island, Florida. This provided a valuable opportunity to interact with Board members and other team leaders, to get feedback on the design and objectives of our team's efforts, and to begin discussing the contours of the inter-team conference planned for the end of the current three year project.

GOALS FOR THIRD PROJECT YEAR: 2002-2003

In the project's final year, we aim to fulfill the core objectives of the project. This will involve four separate goals for 2002-3:

- (i) Presentations of project papers as seminars at leading economics departments worldwide and in panels at the 2003-4 annual meetings of several major professional organizations, perhaps including the American Agricultural Economics Association (AAEA), American Economic Association (AEA), or the European Economic Association (EEA). The AEA will hold annual meetings as part of the Allied Social Science Associations' annual meeting January 2004, in San Diego, CA. The AAEA annual meetings will be held in Montreal in July 2003. The EEA will meet next in Stockholm in August 2003.
- (ii) Enter into a publication contract with a major academic press for the summary volume of the team's three-year effort.
- (iii) Publish papers from individual sub-projects as journal articles and book chapters in high visibility outlets within the profession.
- (iv) Complete data collection and analysis under the empirical sub-projects.

VARIATIONS FROM ORIGINAL PLANS

The only significant variations from the team's original plan for the second year were postponement of signing a contract with a publisher and some modest, unanticipated delays in data collection under two of the sub-projects.

BUDGET INFORMATION

See Appendix 4 for Cornell University's official budget report on spending through August 31, 2002. This has been prepared by the designated university representative in the Sponsored Funds Accounting office of the Division of Financial Affairs.

Appendix 1: May 2002 Team Meeting Program

Pew Project Team Second Annual Meeting Schedule

Wednesday, May 22

Participants arrive in Rochester

Lodge shuttle to the Lodge at Woodcliff (telephone 800-365-30656 or 716-381-4000).

Thursday, May 23

Breakfast on your own

Group Identity and Individual Behavior

8:45-9:00	Welcome and introductions
9:00-10:00	Presentation by Joan Esteban
10:00-11:00	Presentation by Debraj Ray
11:00-11:30	Coffee/tea break
11:30-12:30	Presentation by Eliana LaFerrara
12:30-1:30	Working lunch: discussion of meetings panels
1:30-5:00	Free time
5:00-6:00	Presentation by Larry Blume
6:00-7:00	Presentation by Ravi Kanbur and Indraneel Dasgupta
7:30	Dinner at Horizons (at the Lodge at Woodcliff)

Friday, May 24

Social Networks

9:00-10:00	Presentation by Marcel Fafchamps
10:00-11:00	Presentation by Rachel Kranton
11:00-11:30	Coffee/tea break
11:30-12:30	Presentation by Karla Hoff
12:30-1:30	Working lunch: discussion of publication options
1:30-5:00	Free time
5:00-6:00	Presentation by Chris Udry
6:00-7:00	Presentation by Chris Barrett
7:30	Dinner at the Crystal Barn, Pittsford

Saturday, May 25

Reciprocity, Solidarity, Altruism and Trust

9:30-10:30	Presentation by Andrew Foster
10:30-11:00	Coffee/tea break
11:00-12:00	Presentation by Michael Carter
12:00-1:00	Working lunch: discussion of meetings panels

Participants depart at their convenience

Appendix 2: Team Member Presentations of Working Papers

Chris Barrett:

M.Huysentruyt, C.B. Barrett and J.G. McPeak, "Social Identity and Manipulative Interhousehold Transfers Among East African Pastoralists," presented at University of Oxford (March 2002), Pew team meeting (May 2002) and University of Reading (May 2002).

* C.M. Moser and C.B. Barrett, "Labor, Liquidity, Learning, Conformity and Smallholder Technology Adoption: The Case of SRI in Madagascar," presented at Cornell University (March 2002), University of Oxford (March 2002), University of Reading (March 2002) and the annual meetings of the American Agricultural Economics Association, Long Beach, CA (August 2002).

Larry Blume:

L.E. Blume, "Stigma and Social Control: The Dynamics of Social Norms" presented at MacArthur Foundation Research Network on Income Inequality and Social Interaction (Oct 2001), Cornell University (February 2002), University of Rochester (April 2002), Pew team meeting (May 2002), IHS (Vienna, May 2002), Swedish Collegium for Advanced Study in the Social Sciences (June 2002).

Sam Bowles:

S. Bowles, "The co-evolution of behaviors and institutions", presented at the University of Oxford (March 2002) and University of Washington (April 2002)

S. Bowles, "The evolution of inequality", presented at the Santa Fe Institute (July 2001)

S. Bowles, "Globalization and Egalitarian Redistribution", presented at the University of Siena (Italy, May 2002).

S. Bowles, "The inheritance of inequality: genes, culture and wealth in the transmission of status across generations" presented at Nuffield College, Oxford (March 2002)

* S. Bowles, "Inequality, Emulation and Work Hours: Was Thorsten Veblen Right?" presented at the University of Siena (Italy, June 2002).

Michael Carter:

M.R. Carter and M.Castillo, "The Economic Impacts of Altruism, Trust and Reciprocity: An Experimental Approach to Social Capital" presented at Michigan State University (March 2002), University of Oxford (March 2002), and Pew team meeting (May 2002).

* M.R. Carter and J.A. Maluccio. "Social Capital and Coping with Economic Loss: An Analysis of Stunting of South African Children," presented at University of Wisconsin-Madison (October 2001) and at a conference held by the Inter-American Development Bank in Washington, DC (November 2001).

M.R. Carter and A. Figueroa, "The social reproduction of economic inequality and poverty and when wealth and social identity are correlated" , presented at University of Wisconsin-Madison (November 2001).

M. R. Carter and T. Mgoues, "Identity, Social Capital and the Reproduction of Inequality in Polarized Societies" presented at University of Wisconsin-Madison (May 2002).

Joan Esteban:

* J. Esteban, "Cooperation in the Shadow of Conflict", presented at Fundación Juan March (January 2002)

* J. Esteban and D. Ray, "Polarization and Conflict" presented at San Sebastian Summer School on Polarization and Conflict (July 2001), World Bank (May 2002) and Universitat de Barcelona (June 2002).

J.-Y. Duclos, J. Esteban and D. Ray, "Polarization: Concepts, Measurement and Estimation" presented at Pew team meeting (May 2002).

* J. Esteban, "The Measurement of Polarization" presented at Bocconi University (Milan, Italy, May 2002).

* J. Esteban "The Measurement of Polarization: where do we stand" presented at conference on "Políticas Públicas y Distribución de la Renta" (Reus, Spain, June 2001).

Marcel Fafchamps:

M. Fafchamps, E. Gabre-Madhin, and B. Minten "Increasing Returns and Market Efficiency in Agricultural Trade" presented at the University Carlos III (Madrid, Spain, April 2002).

M. Fafchamps, "Ethnicity and Networks in African Trade" presented at Pew team meeting (May 2002).

M. Fafchamps and C. Moser, "Crime, Isolation, and the Rule of Law" presented at United Nations University World Institute for Development Economics Research conference held at University of Oxford (September 2002).

Andrew Foster

A. Foster, "Altruism, household coresidence and women's health investment in rural Bangladesh" presented at Pew team meeting (May 2002).

Karla Hoff:

K. Hoff, "Culture and Public Action: Implications for Policy Research" presented at World Bank conference on Culture and Public Action, Washington, DC (June 2002).

K. Hoff and A. Sen, "A Simple Theory of the Extended Family System and Market Barriers to the Poor" presented at the World Bank (May 2002) and the Pew team meeting (May 2002).

Ravi Kanbur:

I. Dasgupta and R. Kanbur, "How Workers Get Poor Because Capitalists Get Rich: A General Equilibrium Model of Labor Supply, Community, and the Class "

I. Dasgupta and R. Kanbur, "'Class, Community, Inequality" presented at Pew team meeting (May 2002).

S. Ghosh and R. Kanbur, "Male Wages and Female Welfare: Private Markets, Public Goods, and Intrahousehold Inequality"

Rachel Kranton:

Y. Bramoullé and R. Kranton, "Social Learning, Social Networks and Search" presented at Pew team meeting (May 2002).

Eliana LaFerrara:

E. LaFerrara, "Descent Rules and Inter Vivos Transfers" presented at Pew team meeting (May 2002) and Northeastern Universities Development Consortium annual meetings at Williams College (September 2002).

Glenn Loury:

* G. Loury, "The Anatomy of Racial Inequality" presented at the University of Oxford (UK, March 2002) and World Bank conference on Culture and Public Action, Washington, DC (June 2002).

Jean-Philippe Platteau:

"Strategic Behaviour and Marriage Payments", presented at DELTA (Ecole des Hautes Etudes, Paris, May 2002).

Debraj Ray:

D. Ray, "Polarization" presented at Society for Economic Design Conference (July 2002).

D. Ray, "Notes on Poverty and Aspirations," presented at World Bank conference on Culture and Public Action, Washington, DC (June 2002).

Chris Udry:

*E. Duflo and C. Udry, "Intrahousehold Resource Allocation in Côte d'Ivoire" presented at Pew team meeting (May 2002).

* paper closely related to Pew project but not a direct product of this project

Appendix 3: Team Member Publications

Sam Bowles:

- * S. Bowles, H. Gintis, and M. Osborne, *Keeping it in the Family: Parental background and economic success*, New York: Russell Sage Foundation, 2003.
- S. Bowles, "Globalization and Egalitarian Redistribution", in R. Freeman, ed., *Inequality Around The World*, London: Macmillan, 2003.
- S. Bowles, "Intergenerational Inequality" *Journal of Economic Perspectives*, in press

Joan Esteban

- * J. Esteban, "The Measurement of Polarization: where do we stand", forthcoming in *Fundación Argentaria, Políticas Públicas y Distribución de la Renta*, Madrid.

Marcel Fafchamps

- M. Fafchamps, *Market Institutions in Africa*, Cambridge: MIT Press, forthcoming.

Glenn Loury

- * G. Loury, *The Anatomy of Racial Inequality*, Cambridge: Harvard University Press, 2002.
- * G. Loury, "Passing strict Scrutiny: Using Social Science to Design Affirmative Action Programs" (With C. Cunningham and J. Skrentny), *Georgetown Law Journal*, May 2002.

* paper closely related to Pew project but not a direct product of this project