

# Towards ‘Cohesive Societies’: Economics of identities, norms, and narratives

Thursday 23 June – Friday 24 June 2022  
Hybrid conference

**Convenor:**

**Dr Fabio Tufano**, University of Nottingham



This is a hybrid conference with speakers participating in-person, at 116 Pall Mall, and virtually on Zoom webinar. Speakers presenting virtually will have (V) next to their name. All times shown are UK time.

## Day 1: Thursday 23 June 2022

08.30 – 09.00	Registration
09:00	Welcome and introduction
09.00 – 10.00	<b>Session 1: Towards cohesive societies</b> <b>Chair: Dr Fabio Tufano</b> (University of Nottingham) <b>Professor Dominic Abrams FBA</b> (University of Kent) - <i>Keynote opening address</i>
10:00 – 10:25	Break <b>Session 2: Economics and identity</b> <b>Chair: Professor Mary S. Morgan FBA</b> (London School of Economics) (V) <b>Professor Imran Rasul FBA</b> (University College London) - <i>Opening address</i>
10.25 – 11.25	<b>Professor Davide Cantoni</b> (Ludwig-Maximilians-Universität München) (V)
11.25 – 12.10	<b>Dr Fabio Tufano</b> (University of Nottingham)
12.10 – 12.55	
12.55 – 13.55	Lunch <b>Session 2: Economics and identity (continued)</b>
13.55 – 14.40	<b>Professor Moses Shayo</b> (Hebrew University of Jerusalem)
	<b>Session 3: Norms and economic behaviour</b> <b>Chair: Dr Fabio Tufano</b> (University of Nottingham)
14.40 – 15.40	<b>Professor Cristina Bicchieri</b> (University of Pennsylvania) (V) - <i>Opening address</i>
15.40 – 16.05	Break
16.05 – 16.50	<b>Professor Jean-Paul Carvalho</b> (University of Oxford)
16.50 – 17.00	Closing remarks and End of Day 1

## Day 2: Friday 24 June 2022

08.30 – 09.00	Registration
	<b>Session 3: Norms and economic behaviour</b> (continued from Day 1)
	<b>Chair: Dr Fabio Tufano</b> (University of Nottingham)
09.00 – 09.45	<b>Professor Leonardo Bursztyn</b> (University of Chicago) (V) - <i>Opening address</i>
09.45 – 10.30	<b>Professor Amrita Dhillon</b> (King's College London)
10.30 – 10.55	Break
	<b>Session 4: Economics of narratives</b>
	<b>Chair: Professor Paul Collier FBA</b> (University of Oxford)
10.55 – 11.55	<b>Professor Roland Bénabou</b> (Princeton University) (V) - <i>Opening address</i>
11.55 – 12.40	<b>Professor Paola Giuliano</b> (UCLA Anderson School of Management)
12.40 – 13.40	Lunch
13.40 – 14.25	<b>Professor Stephan Meier</b> (Columbia University) (V)
14.25 – 15.10	<b>Professor Friederike Mengel</b> (University of Essex)
15.10 – 15.35	Break
	Closing Panel Discussion
	<b>Chair: Professor Dominic Abrams FBA</b> (University of Kent)
15.35 – 17.00	<b>Speakers: Professor Mary S. Morgan FBA</b> (London School of Economics), <b>Professor Paul Collier FBA</b> (University of Oxford)
17.00	End of Day 2

## Conference Paper Abstracts

**Day 1 09.00 – 10.00 Session 1: Towards cohesive societies**

**Chair: Dr Fabio Tufano (University of Nottingham)**

**Professor Dominic Abrams FBA (University of Kent)**

*Progress and Regress in Cohesion – Identities, Trust, and Relationships in the COVID Decade*

Cohesion involves many moving parts. After introducing a multidisciplinary five component conception of cohesion developed by the British Academy, I draw on a variety of types of evidence, including findings from the Beyond Us and Them project, to explore some key social and psychological dynamics that characterise different states of cohesion. Because cohesion can be viewed as both a state and a process, any assessment requires attention to both the temporal and contextual factors, within which social dynamics play out. Why does cohesion build glacially in some cases, but eruption dramatically and then subside rapidly in others? Which factors affect such differences and to what extent can they be considered as rationally or economically functional? How is it that divisive actors may attract loyalty even without trust? Is there evidence that investment in cohesion pays off? I contend that an important vehicle for social and political transformations is changes in people's sense of identity, which presents both a risk and a strength. Adopting a multi-element analysis of cohesion will better equip policy makers to build and sustain a more adaptable, resilient, and vibrant social fabric that can respond effectively to economic and other challenges. Progress and Regress in Cohesion – Identities, Trust, and Relationships in the COVID Decade

**Day 1 10:00 – 10:25 Session 2 Economics and identity**

**Chair: Professor Mary S. Morgan FBA (London School of Economics)**

**10.25 – 11.25 Professor Imran Rasul FBA (University College London) -**

*Legacies of Conflict: Experiences, Memory, and the Formation of Trust Preferences*

*Joint with Niiklas Buehren (World Bank), Markus Goldstein (World Bank) and Andrea Smurra (University College London).*

We study how exposure to violent conflict shapes the long run formation of trust preferences. We do so in a sample of 4200 women from Sierra Leone, aged 12 to 25 surveyed in 2016, and so nearly all of whom were born into the civil war that ran from 1991 to 2001. We measure their exposure to conflict by collating migration journals that provide information on an individual's chiefdom of residence over time, at birth, through the civil war and in the post-civil war period. We geo-code their exposure to conflict by cross-tabbing this with information on the incidence of conflict from the Uppsala Conflict Data Program.

We find those ever in the vicinity of conflict are significantly less likely to report unconditionally not trusting others, they are less likely to report unconditionally trusting others, but rather they are more likely to report conditional trust in others. We next combine information from this geocoded measure of vicinity to conflict, age of first exposure to conflict, and a standard measure of self-reported victimization, to construct a typology of experiences of conflict. These include being directly victimized, being traumatized, and being socialized by others. We show how experiences of conflict differentially impact the formation of conditional trust. Finally, we develop a framework to explain the notion of conditional trust. This highlights experiences of conflict can affect trust through two channels: the development of self-efficacy, enabling an individual to raise the cooperative behaviour of others interacted with, and beliefs over the trustworthiness of others. The predictions of the model find support in the data. Taken together, the analysis shows psychological legacies of conflict operate through experiences, memories, and the exact nature of victimization. JEL: N9, O1.

**11.25 – 12.10 Professor Davide Cantoni (Ludwig-Maximilians-Universität München)**

*Individualism, Identity, and Institutional Stability: Evidence from First Names in Germany, 1700-1850 (joint with Cathrin Mohr and Matthias Weigand)*

We explore the rise of individualism and the formation of collective identities through first name choices. Using a novel dataset encompassing 44 million first names in 11,000 German-speaking locations over the period 1700-1850, we establish the following stylized facts. First, a wide range of measures of individualism or uniqueness in first name choice experience a rapid and sharp increase after 1790. Second, this reduction in concentration of first name choices is driven by the entry and wide-scale usage of "Germanic" names (as opposed to names rooted in the Christian tradition); in particular, the names of (secular) territorial rulers. Third, these substitution patterns are most pronounced in areas with an unstable institutional environment, as measured by: a rule change between the ancient regime and the post-1815 settlement; an experience of French/Napoleonic occupation; a history of volatile rule before 1790. We interpret our findings through the lens of a model of demand for "identity" expression through first name choices.

**12.10 – 12.55**     **Dr Fabio Tufano (University of Nottingham)**

*Altruism in Networks: A Field Experiment on Social Closeness, Preferences and Transfers.*

Altruism is a powerful force at work in human societies. Recently, a growing literature has focused on altruistic actions embedded in increasingly complex social structures. In fact, real-world altruism – such as volunteering in a community or lending a hand to a neighbour – is significantly influenced by the relationships between and actions of individuals within a given social network. To further our understanding of altruism in networks, we empirically explore the role of social closeness in interpersonal relationships as a key driver of altruism. To this end, we elicit relationship closeness in a real social network to investigate its impact on giving in network settings with strategic interactions. Our findings cast new light on the behavioural patterns and underlying mechanisms of giving in networks. We find that social closeness has a pivotal influence on interpersonal altruism, while individuals in networks underestimate altruistic links between other individuals.

**Day 1**

**Session 3: Norms and economic behaviour**

**Chair: Dr Fabio Tufano (University of Nottingham)**

**16.05 – 16.50**     **Professor Jean-Paul Carvalho (University of Oxford)**

*Zero-Sum Thinking, Demotivating Beliefs, and Economic Development (with Joseph Henrich, Nathan Nunn)*

We study the evolution of demotivating belief systems (e.g., beliefs in an ‘unjust world,’ witchcraft beliefs) and how they shape entrepreneurial activity, innovation, and development. We show that demotivating beliefs can spread in environments in which economic interactions tend to be zero-sum in nature, meaning that the gains from one individual tend to come at the expense of another. Statically, demotivating beliefs reduce negative externalities from effort. Dynamically, however, these belief systems inhibit learning by doing and can trap an economy in a low state of technological development. Thus, demotivating beliefs that arise from a view of the world as zero sum can be an important cultural barrier to long-run economic development. We present cross-country evidence that is consistent with these predictions of the model.

**Day 2****Session 3: Norms and economic behaviour****Chair: Dr Fabio Tufano (University of Nottingham)****09.45 – 10.30****Professor Amrita Dhillon (King's College London)***Gender Norms, Social Networks and Women's Labour Force participation*

Female Labour Force participation has been historically low in countries with gender norms biased against women working outside the home. This presentation surveys some of the most recent literature on this topic with special focus on the role of social networks and norms in explaining this phenomenon in developing countries. Social networks can have an empowering effect in challenging gender norms if actions are coordinated among a larger set of agents but on the other hand can help to enforce conservative gender norms, depending on the network structure. Dhillon follows up with an account of a cluster Randomized control trial (RCT) that was done in India (with Afridi, Roy and Sangwan) over the period 2019-2021. The intervention used a hyper local job aggregator service and was targeted at providing information on "suitable" jobs for married women and on harnessing their social networks. They found that treatment resulted in women increasing their employment in home-based self-employment. This may be due to the family-based structure of social networks of married women in patrilocal societies.

**Day 2****Session 4: Economics of narratives****Chair: Professor Paul Collier FBA (University of Oxford)****10.55 – 11.55****Professor Roland Bénabou (Princeton University) (V)***Narratives, Imperatives, and Moral Persuasion," with Armin Falk and Jean Tirole.*

We study the production and circulation of arguments justifying actions on the basis of morality. By downplaying externalities, exculpatory narratives allow people to maintain a positive image while acting selfishly. Conversely, responsabilizing narratives raise both direct and reputational stakes, fostering prosocial behaviour. These rationales diffuse along a linear network, through both costly signalling and strategic disclosure. The norms that emerge reflect local correlation in agents' incentives (reputation versus influence concerns), with low mixing generating both a polarization of beliefs across groups and less moral behaviour on average. Imperatives (general precepts) constitute an alternative mode of moral influence. We analyse their costs and benefits relative to those of narratives, and when the two will be used as substitutes or complements.

**11.55 – 12.40 Professor Paola Giuliano (UCLA Anderson School of Management)**

*The seeds of ideology: Historical immigration and political preferences in the United States*

We study the long run effects of immigration on U.S. political ideology. We establish a new result: historical European immigration is associated with stronger preferences for redistribution and a more liberal ideology among Americans today. We hypothesize that European immigrants moving to the U.S. in the early twentieth century brought with them their preferences for redistribution, with long-lasting effects on political attitudes of U.S.-born individuals. After documenting that immigrants' economic characteristics and other standard economic forces cannot, alone, explain our results, we provide evidence that our findings are driven by immigrants with a longer exposure to social-welfare reforms in their countries of origin. Consistent with a process of horizontal transmission from immigrants to natives, results are stronger where historical inter-group contact was more frequent and are not due to transmission within ancestry groups. Immigration left its footprint on American political ideology starting with the New Deal and persisted since then.

**14.25 – 15.10 Professor Friederike Mengel (University of Essex)**

*Non-Bayesian Statistical Discrimination*

Models of statistical discrimination typically assume that employers make rational inference from (education) signals. However, there is a large amount of evidence showing that most people do not update their beliefs rationally. We use a model and two experiments to show that employers who are conservative, in the sense of signal neglect, discriminate more against disadvantaged groups than Bayesian employers. We find that such non-Bayesian or "irrational" statistical discrimination deters high-ability workers from disadvantaged groups from pursuing education, further exacerbating initial group inequalities. Excess discrimination caused by employer conservatism is especially important when signals are very informative. Out of the overall hiring gap in our data, around 40% can be attributed to rational statistical discrimination, a further 40% is due to irrational statistical discrimination, and the remaining 20% is unexplained or potentially taste-based.



## Speaker Biographies:

### **Professor Dominic Abrams FBA (University of Kent)**

Dominic Abrams FBA, FAcSS is Professor of Social Psychology and Director of the Centre for the Study of Group Processes at the University of Kent, UK. For the British Academy he served as Vice President (Social Sciences), co-chair of its Cohesive Societies programme, academic lead on its review of the societal implications of the COVID-19 Pandemic (The COVID Decade) and is co-chair of the BA-Nuffield Foundation research programme on 'Understanding Communities'. His work includes applications of social psychological theory to fields such as prejudice and discrimination, environmental behaviour, altruism, group decision making, social exclusion, leadership, and children's social development. He edits the journal *Group Processes and Intergroup Relations* and is recipient of awards for distinguished contribution from the British Psychological Society and the Society for the Psychological Study of Social Issues.

### **Professor Roland Bénabou (Princeton University)**

Roland Bénabou is the Theodore A. Wells'29 Professor of Economics and Public Affairs at Princeton University, holding a joint appointment in the Department of Economics and the School of Public and International Affairs. He is a Member of the American Academy of Arts and Sciences, Foreign Correspondent of the Académie des Sciences Morales et Politiques, Fellow of the Econometric Society, Research Associate of the National Bureau of Economic Research, Research Fellow of the Centre for Economic Policy Research, former Fellow of the Guggenheim Memorial Foundation and of the Canadian Institute for Advanced Research, and a member of the Behavioral Economics Roundtable. He was a two-term Co-Editor of the *American Economic Review* and an Associate Editor at several other journals. In 2021 he was awarded the Jean-Jacques Laffont Prize by the Toulouse School of Economics. Bénabou's research spans both macroeconomics and microeconomics, such as the interplay of inflation and imperfect competition, or speculation and manipulation in financial markets. His recent work lies in three main areas. The first links inequality, growth, social mobility, and the political economy of redistribution. The second centers on education, social interactions, and the socioeconomic structure of cities. The third and most current is that of economics and psychology ("behavioral economics"). It focuses in particular on extrinsic incentives versus intrinsic motivation; on the determinants of prosocial behavior and on motivated beliefs, both individual (overconfidence, wishful thinking, identity) and collective (groupthink, market manias, ideology, religion); and on the interplay of economics and morality, including the role of narratives.

### **Professor Cristina Bicchieri (University of Pennsylvania) (V)**

Cristina Bicchieri is the S.J.P. Harvie Professor of Social Thought and Comparative Ethics in the Philosophy and Psychology Departments at the University of Pennsylvania; Professor of Legal Studies in the Wharton School; and Director of the Master in Behavioural Decision Sciences programme and the Philosophy, Politics and Economics programme. Her intellectual affinities lie at the border between philosophy, game theory, and psychology. Her primary research focus is on judgment and decision making with special interest in decisions about fairness, trust, and cooperation, and how expectations affect behavior. A second research focus examines the nature and evolution of social norms, how to measure norms, and what strategies to adopt to foster social change.

### **Professor Leonardo Bursztn (University of Chicago)**

Leonardo Bursztn is a Professor of Economics at the University of Chicago and was previously an Assistant Professor of Economics at UCLA's Anderson School of Management. He uses field experiments to understand how individuals make schooling, consumption, and financial decisions, and in particular, how these decisions are shaped by individuals' social environments. His research has been published in such leading academic journals as *Econometrica*, the *American Economic Review* and the *Quarterly Journal of Economics*.

### **Professor Davide Cantoni (Ludwig-Maximilians-Universität München)**

Davide Cantoni is professor of economics and economic history at the department of economics at Ludwig-Maximilians-Universität München (Munich). After studies in Mannheim and Berkeley, he graduated from Harvard in 2010, and has been a faculty member at LMU Munich since 2011. In 2019, he was awarded the Gossen Prize for the best young economist (under 45) in the German-speaking countries. He is a member of the Editorial Board of the *Review of Economic Studies* and associate editor at the *Journal of the European Economic Association*. Davide Cantoni's research spans political economy and economic history. He has studied the evolution of political movements in Hong Kong (ERC Starting Grant "Demand for Democracy"), institutional development in Germany from the Middle Ages until 1900, and the political economy of education. His current research projects aim to develop individual-level datasets for Germany in the 19th century, to study inequality, mobility, and identity formation in this period.

### **Professor Jean-Paul Carvalho (University of Oxford)**

Jean-Paul Carvalho is Associate Professor of Economics at the University of Oxford and Fellow of New College. His area of specialization is Political Economy and Social Dynamics. His work focuses on the social institutions in which the economy is embedded, including social norms, culturally transmitted preferences and belief

systems, and population structure based on social identity and group formation. He combines game-theoretic models of population dynamics with historical and empirical methods, drawing on and contributing to a number of emerging fields, including the economics of identity, culture, and religion. His work has been published in leading economics journals and he is co-editor of the volume *Advances in the Economics of Religion* (Palgrave 2019).

**Professor Paul Collier FBA (University of Oxford)**

Sir Paul Collier is Professor of Economics and Public Policy at the Blavatnik School of Government and a Professorial Fellow of St Antony's College. From 1998–2003 he took a five-year Public Service leave during which he was Director of the Research Development Department of the World Bank. He is currently a Professeur invité at Sciences Po and a Director of the International Growth Centre. He has written for the New York Times, the Financial Times, the Wall Street Journal, and the Washington Post. His research covers the causes and consequences of civil war; the effects of aid and the problems of democracy in low-income and natural resources rich societies; urbanisation in low-income countries; private investment in African infrastructure and changing organisational cultures. In 2014, Paul received a knighthood for services to promoting research and policy change in Africa.

**Professor Amrita Dhillon (King's College London)**

Amrita Dhillon is a professor of Economics, based at King's College London. Her research has been in political economy and development economics. In the past she has worked in social choice theory, strategic voting, turnout, and also on information economics and mechanism design in a wide variety of contexts from corporate governance to social networks and development economics. Most recently her work has been focused on social networks and labour productivity and on issues of governance and accountability. She has been Associate Editor of "Social Choice and Welfare" over the period 2008-2013, and is currently Associate Editor, International Tax and Public Finance (2016-current) and Associate Editor, Journal of Public Economic Theory (2004-current), Senior Editor of Oxford Open Economics. In the past she has been a council member of the Royal Economic Society, UK, and a member of the academic advisory panel for the Dept of Environment, Food and Rural Affairs in the UK. She has published in various economics journals such as Social Choice and Welfare, the Journal of Economic Theory, Econometrica, the Journal of Public Economics, Review of Finance, Journal of Development Economics etc.

### **Professor Paola Giuliano (UCLA Anderson School of Management)**

Paola Giuliano is a Professor of Economics at the UCLA Anderson School of Management and holds the Chauncey J. Medberry Chair in Management. She is a research associate in the Political Economy Program of the NBER, a research affiliate at the Centre for Economic Policy Research (London) and a research fellow at the Institute for the Study of Labor (Bonn). Giuliano's main areas of research are culture and economics and political economy. Giuliano's research focuses on the factors that shape differences in the evolution of culture across societies. Her research tackles questions such as: what role do differences in the distribution of social preferences and beliefs play in explaining economic outcomes, at the level of countries, social groups or over time? Where do these differences come from? How do they interact with institutions? She has published research that studies the importance of cultural norms a wide range of factors that are crucial for economic development, including gender norms, family structures, support for democracy and preferences for redistribution. Giuliano holds a B.A. from Bocconi University (Milan) and a Ph.D. in economics from the University of California, Berkeley. She received the Young Economic Award from the European Economic Association in 2004 and was a Co-Editor of the Journal of the European Economic Association from 2015 until 2021.

### **Professor Stephan Meier (Columbia University) (V)**

Stephan Meier is a Professor of Business at Columbia Business School. His research interests are in behavioural economics. He investigates the impact of psychology and economics on human decision-making and its implications for public policy and firms' strategy. Current research topics include how non-selfish behavior affect organizations or the effect of borrower's decision-making on financial institutions' strategy. His work has been published among other journals in American Economic Review, American Economic Journal: Applied Economics, Management Science, and Psychological Science. He holds a PhD from the University of Zurich and was previously a senior economist at the Center for Behavioural Economics and Decision-Making at the Federal Reserve Bank of Boston and a research fellow at Harvard University and the London School of Economics. He joined IZA as a Research Fellow in April 2007.

### **Professor Friederike Mengel (University of Essex)**

Friederike is a Professor of Economics at the University of Essex and a Visiting Guest Professor at Lund University. Much of her research is on (Evolutionary) Game Theory and Learning with a particular interest in learning across games and categorization as well as models of (bounded) rationality more generally. Another focus of her research is the study of behaviour in social networks and the emergence of social norms. She also works on social identity, the formation of preferences and discrimination.

### **Professor Mary S. Morgan FBA (London School of Economics)**

Mary S. Morgan is the Albert O. Hirschman Professor of History and Philosophy of Economics at the London School of Economics; she is an elected Fellow of the British Academy (and Vice-President, 2014-18), and an Overseas Fellow of the Royal Dutch Academy of Arts and Sciences. She has published widely on social scientists' practices of modelling, observing, measuring, and making case studies; and has long-standing interests in tracing how social science research is used to effect change in the world. She has just completed an ERC team project on 'Narrative Science' investigating the way scientists use narratives in the work in natural, human, and social sciences. She is currently President-Elect of the Royal Economic Society, to become President for 2023-4.

### **Professor Imran Rasul FBA (University College London)**

Imran Rasul is Professor of Economics at University College London, co-director of the Centre for the Microeconomic Analysis of Public Policy at the Institute for Fiscal Studies, Co-Director of the James M. and Cathleen D. Stone Centre on Wealth Concentration, Inequality and the Economy, and Research Programme Director in the Firms portfolio, at the International Growth Centre. He is currently managing editor of the *Journal of the European Economic Association*, and he has been a co-editor and director of the *Review of Economic Studies* (2009-17). He was awarded the 2007 IZA Young Economist Prize, the 2008 CESifo Distinguished Affiliate Award, an ERC-starter grant in 2012, and a British Academy Mid-career Fellowship in 2018. In 2018 he was elected as a Council Member of the Royal Economic Society (RES) and as a Council Representative on the RES Executive Committee from 2018-2023. In 2019 he was jointly awarded the Yrjö Jahnsson Award in Economics. In 2019 he was elected as a Fellow of the British Academy. In 2020 he was elected as a Fellow of the Econometric Society and was awarded the Order of the British Empire for Services to Social Sciences in the Queen's Birthday Honours in 2020.

### **Professor Moses Shayo (Hebrew University of Jerusalem)**

Professor Moses Shayo is Professor of economics at the Hebrew University of Jerusalem, the Center for the Study of Rationality, and King's College London. His main research interests are in political economy and behavioural economics. One set of questions concerns the determinants of social identity and the interactions between identity, politics, and economic policy. He uses a combination of theoretical, econometric, and experimental tools to understand the impact of identity on voting, income redistribution, nationalism, ethnic conflict, consumption choices, international integration, and judicial decisions. Another question I'm trying to address is how (financial) markets shape values, preferences, political behavior, and the gender gap, as well as whether they can curtail ethnic conflict.

**Dr Fabio Tufano** (University of Nottingham)

Fabio is Associate Professor of Economics at the Nottingham School of Economics and Deputy Director of the Centre for Decision Research and Experimental Economics (CeDEx) at the University of Nottingham (UK). As an applied micro-economist, he uses a combination of theoretical and multi-disciplinary insights as well as experimental and observational data to study human behaviour and decision-making. His main research interests are in the areas of behavioural and experimental economics. Most of his research to date has focused on primarily four topics: (i.) economics of science and reproducibility; (ii.) stability and robustness of economic preferences; (iii.) cooperation in social dilemmas; (iv.) group cohesion, social identity, and economic behaviour. He has published a range of papers including articles in the American Economic Review, the Economic Journal, Experimental Economics, and Management Science.