Religious Identity and Economic Behavior

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Outline

- Question: how does religious identity affect economic behavior?
  - Causality: Identity → Economics
- Little empirical evidence in literature.
  - Selection, endogeneity.
- Economics, Politics, Sociology (moral beliefs → market outcomes):
  - Specific religions
    - Weber: Protestantism encourages capital accumulation, work ethic
    - Putnam, La Porta: Catholicism inhibits trust
    - creditor rights, investment decisions, stock portfolios, surveys
  - Beliefs vs. practice
    - Barro and McCleary: beliefs increase growth
    - Ruffle and Sosis: rituals increase trust
    - Less cheating, more cooperative / more charitable

Outline

- This study implements a lab experiment to test hypothesis.
- Exogenous variation in strength of religious identity norm: *priming*
- Tested 6 hypotheses:

	Protestant	Catholic
• H1. Public Goods Provision	+	-
• H2. Trust	+	-
• H3. Risk-Taking	-	-
• H4. Thrift	+	+
• H5. Generosity	+	+
• H6. Work Ethic	+	+

- Economic attitudes measured by survey response:

  1-2: public goods game, 3: risk aversion, 4: discount rate, 5: dictator game

  6: piece rate; reciprocity game

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Comments

- Very nice paper, and very well executed.

- 3 things that I like about this paper:

  1. Transparency coming from random assignment
  2. Large Sample
  3. Organizes a large literature on an interesting question

- 3 areas that could potentially be improved on.

  1. Framing
  2. Explanation for Null Findings
  3. Possible Experiments

Framing of Question

1. Motivation
   - Identity → economic behavior.
   - Good theoretical motivation for the priming instrument
   - Lacks theoretical motivation for the hypotheses
2. Connect historical, cross-country, stereotypes, or religious texts
   - How are public goods related to Protestantism or Catholicism? Trust? Risk-Taking? Need to be clearer about linkages among outcomes.
   - Isn't Risk-Taking Related to Growth?
3. Further organize the literature review
   - Specific religious identities (Protestantism vs Catholicism)
   - Specific components of religious identity (Beliefs vs Practice)
   - Any religion
4. Why is it necessary to have two versions of work ethics problem?
   - Piece Rate and Gift Exchange

Framing of Model

1. The Role of Identity
   - Choice *x*
   - Individual is in category *C* with strength *s*
   - *s* temporarily perturbed by treatment ε
   - x_0 – action baseline
   - x_C – action of individual in category *C*
   - $U = -(1-w(s))(x - x_0)^2 - w(s)(x - x_C)^2$
   - $x^*(s) = (1-w(s))x_0 + w(s)x_C$
   - x^* to move closer to x_C

2. Worry

   - "priming categories with unknown norms, identifying norms from resulting shifts in choices"

     - Priming will not cause a shift if x_0 identity-based behavior - How do you know if x_0 or x_C?

   - What if s < 0? Self-identify as a particular religion but dislikes most things about the category norms; ethnic but not religious jewish

     - Potential problem for elite college kids at Cornell and Michigan

Explanation of Null Findings

What are we priming?

1. I would like to see the control scramble

- Priming is notoriously hard to interpret – what exactly is being primed? Word play, verbal skill
- "What five aspects of your identity (such as 'male/female/ or 'college student') are most important to you?"
    - Is religion prompted or not prompted?
- What happened to the atheists? Help to show the "first stage" effect across religious categories.
    - Should atheists and agnostics be separate categories?
    - Might one or both groups be reacting against the norm? $s < 0$

2. Identity Effects/Collection at the End of Experiment

- Might different types of Protestants choose to report 'Protestant'
- Somewhat inconsistent to believe Identity Effect disappears at end

Explanation of Null Findings

Ideally would like to link experimental evidence with historical motivation

1. Income Effects

- Some religions have higher incomes in the U.S.
    - Are you priming identity with religion or a religious community
- So for work ethic: prime does not reduce marginal cost of effort but raises income, so net 0 effect

2. Why anonymous

- Greater in-group bias could lead to more public goods provisions, generosity
    - Shouldn't it matter who you are playing public goods/dictator/(trust) games with?
- During the early stages of market development & capitalism, it's with your identity group, e.g. Maghrebi traders (AER 1993)

3. Work Ethic

- Is it disutility of effort or responsiveness to incentives?
    - Task is piece rate (testing responsiveness to incentives)
    - How about wage rate (testing disutility of effort)

Possible Analyses

1. Use groups whose religious identity we know unambiguously
   - Students at Wheaton College and Yeshiva University
   - Link to administrative data on pre-college religion
2. Unconditional contributions?
   - Trust measure is not incentivized – Try matching to others whom you know how they behaved in previous round, in a repeated public goods game
3. Focus on interactions when main effects exists, but if people are experiencing positive and negative identity effects, then net mean 0
4. Pool religion data for H3-H6?
5. What omitted variables explain field correlations not present in your data
6. Are we priming beliefs or practice?

Final Comments

1. Very nice work!