Identity, Norms, and Narratives

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Outline

1. The Research Agenda

2. Two Papers

   - "Value Formation" (GEB, 2017)

   - "Movers and Shakers" (QJE, 2016)

3. Work-in-progress

Research Agenda

The main research questions:

1. How are we shaped by social interaction?

2. What are the economic consequences?

Research Agenda

Importantly, our **beliefs** are shaped by interaction.

- **Positive beliefs:** what is the world like?

- **Normative beliefs:** what is better/worse?

Research Agenda

Identity: a package of beliefs.

- ▶ Who am I? Who are others?
- ▶ How should someone of my type (others' types) behave?

Narratives: stories that encapsulate beliefs. For instance,

- ▶ The world is zero-sum.
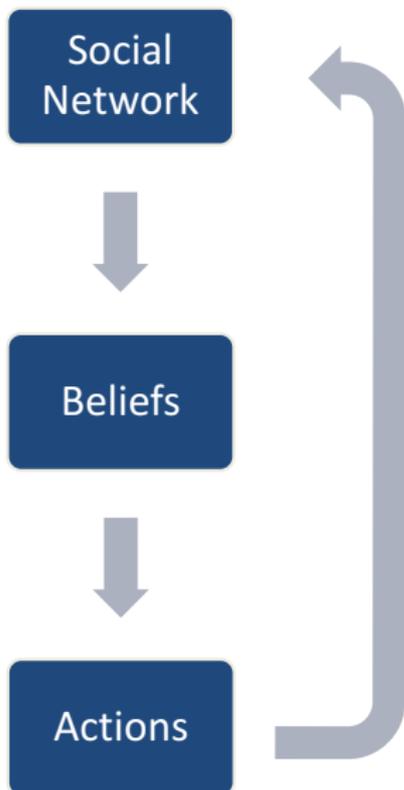- ▶ People get what they deserve ("belief in a just world.")

Research Agenda

Beliefs: Demand and Supply

- **Supply:** What am I able to believe?

    - Information constrains what one is able to believe.

    - Social interaction affects supply (e.g., the Asch experiment).

- **Demand:** What do I want to believe?

    - Social interaction also affects demand.

Research Agenda

Value Formation

"Value Formation: The Role of Esteem" (GEB, 2017):

Nerds

Burnouts

Value Formation

- Nerds and burnouts have very different values.

- What are the determinants of people's values? How are values shaped by social interaction?

Value Formation

Values are chosen in the model.

Choice motivated by economic considerations, but crucially, also by desire for esteem.

Two components of esteem, which result in conflicting desires:

- ► People have desire to be esteemed by peers, which is satisfied by conforming to them.

- ► People have a desire for self-esteem, which is often best satisfied by differentiating.

Value Formation

Sketch of the Model:

Two-player, simultaneous-move game.

Players make three choices:

(1) Effort at two activities: "academics" and "rock music."

- ▶ Achievement at activities depends upon effort and ability.

(2) Whether to value achievement at activities.

(3) Whether to initiate interaction.

- ▶ Interaction takes place if either player initiates it.

Value Formation

Three main assumptions:

(1) Basis upon which a player confers esteem depends upon his values.

- ► A player who only values academics (music), confers esteem only on the basis of academic (musical) achievement.

(2) Players are esteemed for their relative achievement.

(3) Players value self-esteem; when they interact, also value esteem of the other player.
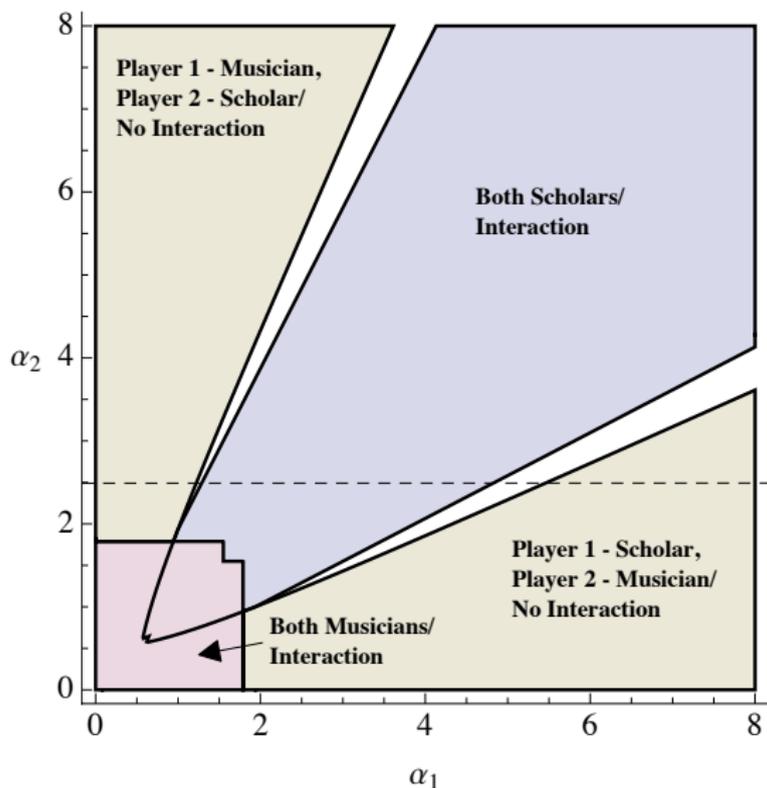
Value Formation

Figure 1

Value Formation

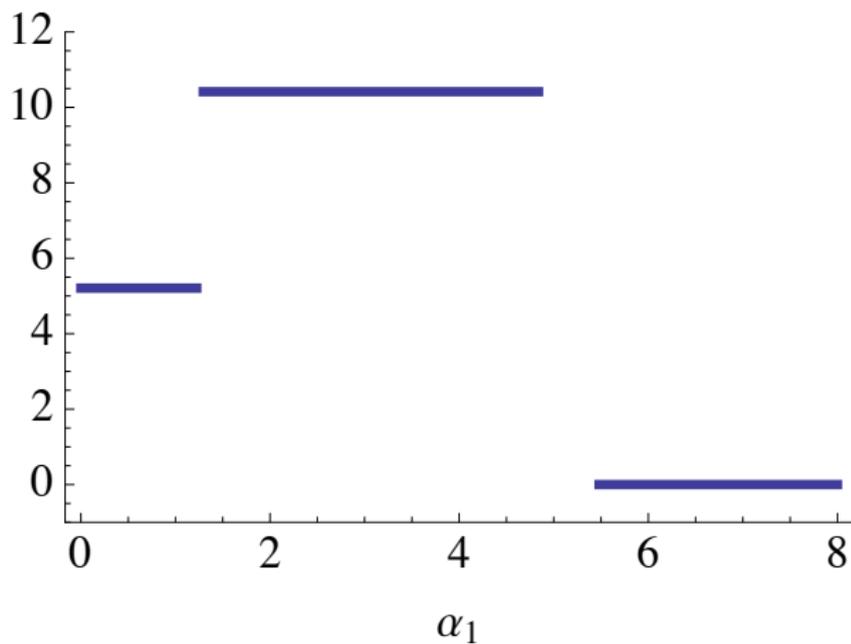Player 2's Academic Achievement

Figure 2
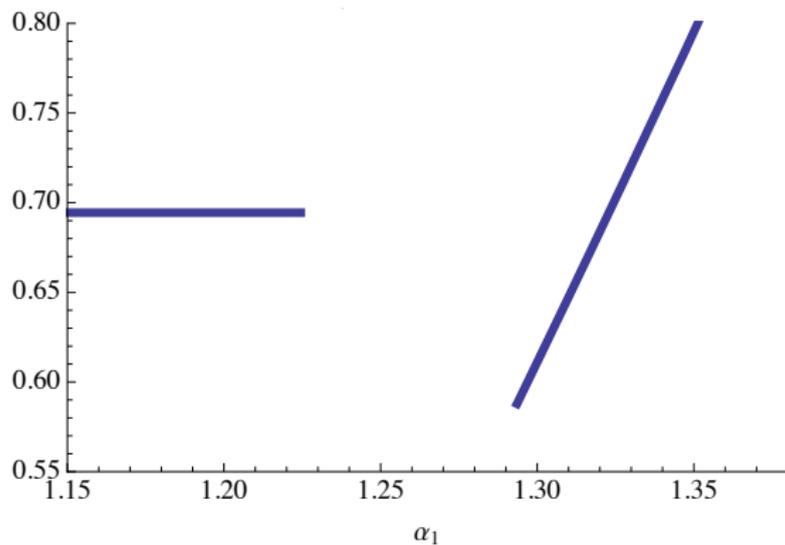
Value Formation

Player 1's Self Esteem

Figure 3

Value Formation

Many applications of the model beyond schools, such as:

- ▶ Inner cities.

  - ▶ William Julius Wilson.

  - ▶ "Acting white."

- ▶ Organizational resistance.

  - ▶ Robert Ramsay: the merchant marines.

Movers and Shakers

"Movers and Shakers" with Richard Holden (QJE, 2016):

- ▶ Are there economic returns to being socially connected? What are the sources?

- ▶ **Key idea:** many economic projects require coordinating parties, getting them to participate.

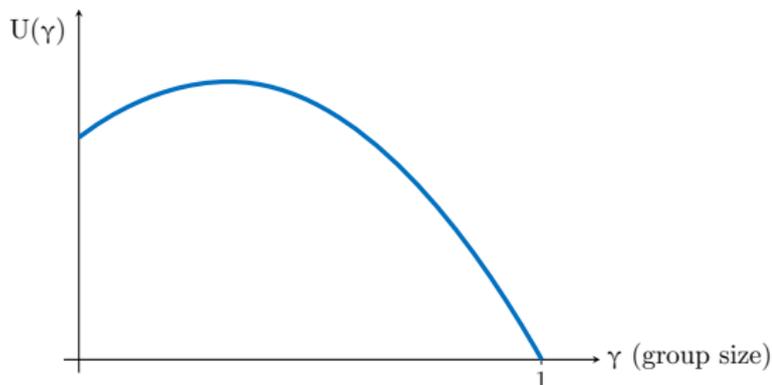# Movers and Shakers

An Example: William Zeckendorf

Movers and Shakers

Place Ville Marie

Work-in-progress

1. Group identity

2. Family narratives (with Paul Collier and Luis Rayo)

   ▸ The "protector narrative."

Thank You!