

Strength of weak ties?

Invernizzi Lectures in honor of Eliana
La Ferrara

Weak ties

- Economics usually studied market mediated, “priced” transactions
- However there is increasing interest in the role of “un-priced”, more voluntary interactions
 - Family/Friends
 - But also neighborhoods, ethnic groups, religious groups and their like.
- Quite different:
 - Family/friendship ties are very strong
 - The rest are typically much weaker: I will focus on these

Why should weak ties matter?

- Because we assume that certain types of actions are likely to be essentially costless between people who have repeated and frequent interactions with each other and the same third parties
 - Passing of information
 - Some degree of monitoring
- And some actions, though costly, are easily compensated when there are repeated interactions
- For both reasons, closely tied communities should be better at information aggregation, collective action (in risk-sharing, microcredit, political action, etc.)

Learning from you neighbor

- Mixed results on learning from neighbors in agriculture
 - Conley and Udry (2009) find that people do seem to learn about fertilizer use from people they talk to about agriculture (in Ghana)
 - Duflo, Kremer, Robinson (2010) find no learning from neighbors about fertilizer use in a field experiment in Kenya
- Clearer results on health technologies
 - Miguel-Kremer, Dupas, Oster-Thornton
 - Dupas finds that
- Also on microfinance
 - Banerjee, Chandrashekhar, Duflo, Jackson
 - Structural estimate: 45% of those who take up micro finance inform their neighbors about it in a given period (only 10% if they do not take up).
- These seem to be big effects

Are more closely tied communities better at sharing information?

- Can neighbors accurately tell which of their neighbors are poorer?
- Alatas, Banerjee, Chandrashekhar, Hanna, Olken (2012) in Indonesia
- Average ranking accuracy is only 50% even in hamlets of 54 households on average
- People are better at ranking people who are closer to them, better connected to them
- Villages that are more connected, rank people better
- When community meetings were called to rank people for a government program, more closely connected communities do better.

However

- In a field experiment in Indonesia in a random set of villages the community was invited to choose the recipients for a one time transfer program
- Compared to the standard government statistical bureau procedure.
- It did slightly worse in terms of targeting accuracy.
- Not because of perfect accuracy: 32 percent of the households were mis-targeted.
 - Twenty percent of the non-poorhouseholds received it, while 53 percent of the poor were excluded.

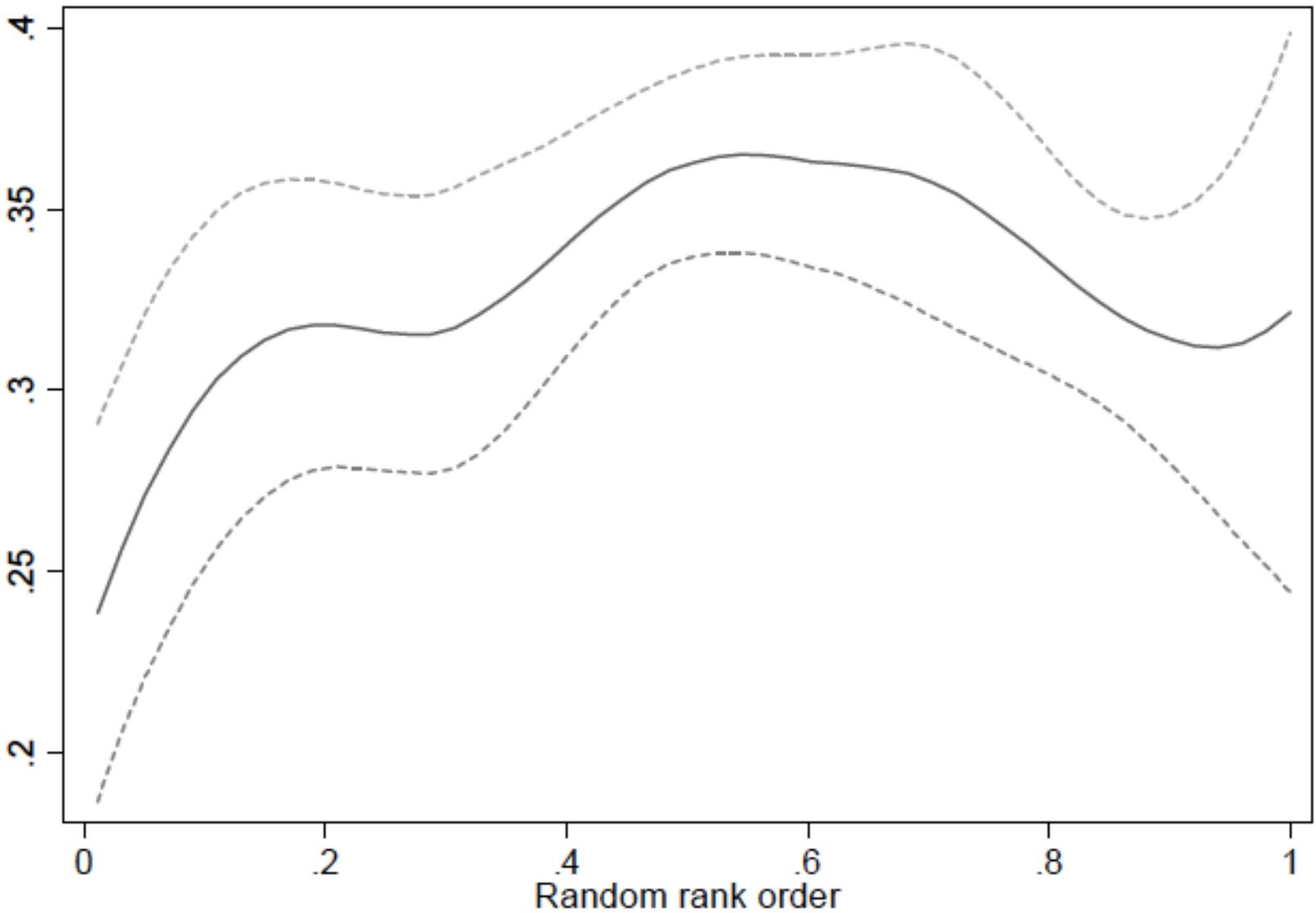
Why?

- Elite capture?
 - The community has information advantage but its politics are potentially bad (Bardhan-Mookherjee)
- One treatment in the experiment invited just the elite to do the choosing.
- Absolutely no difference in terms of targeting accuracy, selection of friends of the elite, composition of beneficiaries
- This might have been because small amount of money (\$3)
- We repeated this in a more recent experiment with a much larger program (\$150 per year, for six years)
- Same result
 - Caveat some small favoring of the relatives of the formal elites
 - Some small disfavoring of the relatives of the formal elites
- Total effect is small (mostly because the favored people are also poor): 0.3% change in average consumption of beneficiaries if no elite capture

Then?

- A very revealing sub-experiment
- In the community ranking sub-treatment we randomized the order in which the people were ranked
- We see a big difference in ranking accuracy between beginning and end
- Perhaps not surprising since ranking 75 households, for example, would need at least 363 comparisons
- Shows having information is not the same thing as being willing to use it.
- There seems to be a difference between the passive transmission of information—and more active information acquisition/sharing/processing
- My guess is that social learning, when it works, is mostly passive
 - More I see someone using a bed-net, hear someone talking about the microfinance meeting
 - Than my neighbors volunteer information that I need or I go to their homes to ask them
 - May be why Conley and Udry and Duflo-Kremer-Robinson find different result
- Closely tied communities do better because people meet more often

Figure 2: Effect of order in ranking meeting on mis-target rate



Collective action

- Some evidence that collective action is better in more connected communities
 - Mostly correlation
 - Some recent evidence from lab experiments (Chandrashekhar, Kinnan and Larreguy, Breza, Larreguy and Kinnan) showing that closer people in the network sense behave better
 - But does that aggregate?
- Part of the problem is that we do not understand the mechanisms that generate collective action.

Where community connections really matter

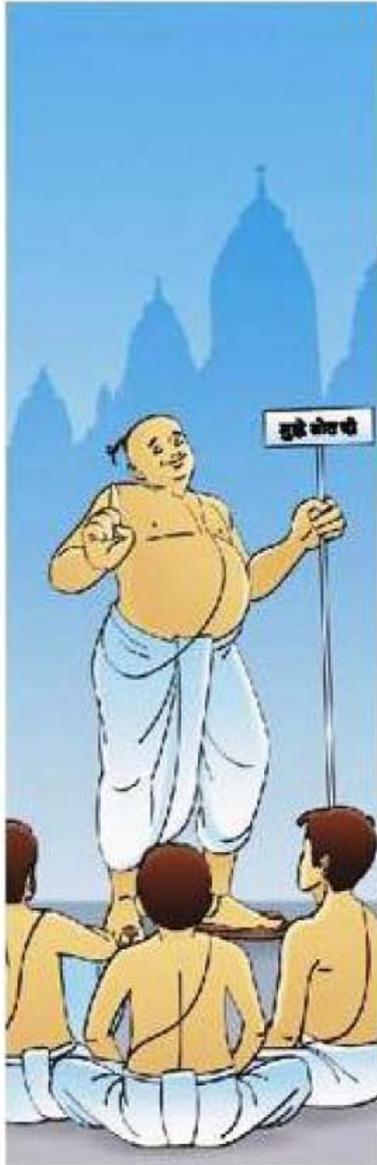
- In voting.
- Does not require any co-ordination
- Individual votes do not count in any case so why worry about who the right person is: just vote for the person who has the right name
- In UP (India) we compare the change in the quality of the candidate from the dominant caste group in a constituency between 1980 and 1996, with areas where there is no dominant group
- Between 1980 and 1996 the correlation between caste share and vote for parties associated with those castes went from zero to 0.6
- In the jurisdiction with average Low caste share the difference in the increase in corruption between 1980 and 1996 between high and low caste winners was 0.06.
- The change in the jurisdictions at the 90th percentile was 0.85.
- Does not matter on which extreme.

Power (weakness) of weak ties

- This is where weak ties can have maximum power
- But since the ties weak, things can change fast as well.
- During the 2007 UP elections we worked an NGO that carried out a campaign
 - Don't vote on caste, vote on development issues



Caste Intervention Poster



If voters stop prioritizing ethnic issues, then everyone will win.

The result

- Was a reduction in the probability of voting for own caste candidate by 7 percentage points on a base of 50%.
- And an increase in the vote share of the least corrupt main party challenger

The weakness of weak ties

- Is that a lot of what happens and does not happen plays of indifference or almost indifference
- Lots of obvious good things do not happen
- And lots of bad things sneak through
- We need to take these ties seriously in making policy, but recognize their malleability and fickleness