

# A THEORY OF SOCIAL NORMS AND MIGRATION

## Introduction

Contrary to common criticisms, economic theory is often used to explaining social phenomena in compelling ways. Here, game theory is used to show how rational, self-interested, utility-maximizing individuals interact and affect the global distribution of values, ideologies, and social norms.

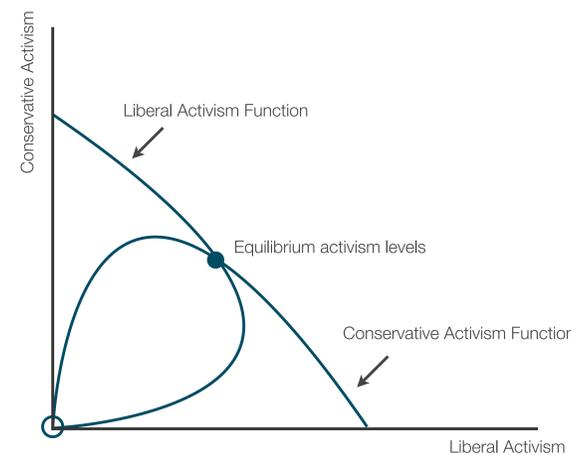
## Model Framework

An individual's utility (i.e. well-being) is positively affected by the standard economic argument of goods and services consumption. Moreover, we consider utility to be decreasing if an individual's ideologies and beliefs are more divergent from the societal average. In terms of this latter argument, individuals can maximize their utility in two different ways. Firstly, they can migrate to different communities with different societal beliefs. Secondly, they can engage in activism and attempt to make societal beliefs closer to their own ideologies. Equilibrium societal beliefs will arise as individuals make their decisions simultaneously.

## Advocacy and Activism

Individuals may be outspoken about their beliefs, and they may even attempt to impose them on others. Individuals engage in these acts of advocacy and activism in order to narrow the disparity between their own ideologies and societal averages, and thus increase their utility.

## A Simple Activism Game



## Tragedy of the Commons

Consider a two-player strategic interaction game with liberal and conservative players. The graph above shows the optimal level of activism each player will engage in given the other player's actions. A player's activism level is initially increasing, and then decreasing as the other player's increases. This is because there is an economic trade-off between engaging in activism and consuming goods and services; i.e. activism is a costly activity. Equilibrium levels of activism occur where the two players' activism functions intersect.

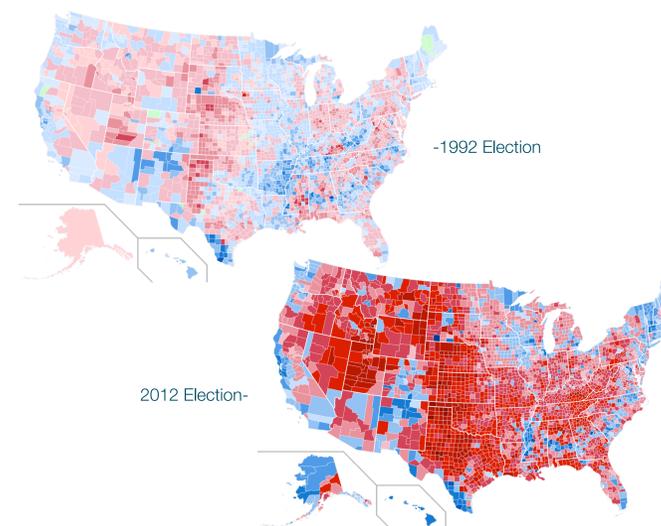
Players with different ideologies will match each other's levels of activism in equilibrium. As a result, neither is able to actually change average societal beliefs. Moreover, because activism is costly to the individual, both players are worse off. This is a "tragedy of the commons" result; the equilibrium outcome is inefficient and players would be better off engaging in zero levels of activism.

## Activism: A Public Good

Activism is a public good in the sense that its benefits are non-rival and non-excludable to all individuals with the same ideologies. As a result, individuals will free-ride on other like-minded individuals' activism. Consider a game where liberal players outnumber conservatives, or vice versa. The minority group will actually match the majority in activism levels, because more free-riding occurs in the latter. This gives rise to the commonly observed "silent majority" and "vocal minority" phenomena.

## Political Segregation

### US Presidential Elections, 1992 and 2012



Source: Maps by Inquisitor, Wikimedia Commons, licensed under the Creative Commons Attribution Share-Alike 3.0 Unported license. Red indicates Republican Counties, and Blue indicates Democrat counties. Counties are shaded based on the share of votes won by the winning party.

The graph above shows that political segregation in the United States increased over the last two decades. This phenomenon may be the result of rational behavior. Consider a two-player game with liberal and conservative towns, where local institutions exist to advance the agendas of their incumbent residents. The Nash equilibrium occurs where both players choose their best responses to each other's actions. The table in the next column shows the game matrix for this example.

## Game Matrix: Migration Game

		Player 1 (liberal) chooses:	
		Liberal Town	Conservative Town
Player 2 (conservative) chooses:	Liberal Town	Player 1's best response	Neither player's best response
	Conservative Town	Both players' best response; Nash equilibrium	Player 2's best response

There is one unique Nash equilibrium where the liberal player will locate in the liberal town and the conservative player will locate in the conservative town. Societal and individual beliefs converge and players are better off in this equilibrium outcome. Conversely, societal beliefs faced by both players will diverge from their individual beliefs if they locate in any other way, and they will be worse off. Thus, the result is effectively political segregation.

## Conclusion

Economic models of rational individuals are useful in helping to explain phenomena surrounding ideologies, beliefs, and social norms. These phenomena include the "tragedy of the commons" in activism, the "silent majority" and "vocal minority", and political segregation. The relationship between individual and societal ideologies and beliefs is important because it affects the wellbeing of all individuals and communities.

Akerlof, G. (1997). Social distance and social decisions. *Econometrica*, 65(5) 1005-1027.

Akerlof, G. and Kranton, R. (2000). Economics and identity. *The Quarterly Journal of Economics*, 115(3), 715-753.

Tiebout, C.M. (1956). A pure theory of local expenditures. *Journal of Political Economy*, 64(5), 416-424.

