

Implications for Policy Research

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Given my background as an empirical economist in the Bank’s research group, focusing on poverty measurement related issues, I naturally come to the question of how to draw research implications from the past two day’s discussions by thinking about the applied work that needs to be done. It is my impression that empirical work on the relationship between culture and development is a high priority. But it also poses many challenges.

In thinking about the kind of empirical work that needs to be done, we should take heed of a number of recommendations and perspectives that have emerged from the presentations and discussions during this conference. As was noted at the opening of this conference by Nick Stern, one of the objectives of this event has been to find ways to help economists, governments, and policy makers recognize better the importance of culture to development. While this goal has certainly been furthered by this conference, I think we can safely say that this task is far from complete. This is in large part due to the highly heterogeneous nature of the relationship – it depends on the definition of culture and the dimensions of particular interest, on history, on locality, on the notion of community, and so on. In my view, we need to make a concerted effort to document the evidence and experience, and we need to compile this evidence in terms that can be readily interpreted by economists and policymakers.

Of course, once this goal is achieved, the real work starts. Given our interest in development (however defined) and the policies that can promote development, we need to draw on this body of evidence and try to look forward.

In pursuing this agenda it will be important to recall Amartya Sen’s discussion and note culture’s instrumental, constitutive, and dynamic roles, and the inter-relationships between these. We need to look at how culture instrumentally influences the development outcomes that we are accustomed to think about. But we must also recognize that certain dimensions of culture are of intrinsic importance in and of themselves: development can be defined in terms of how these dimensions of culture are achieved. For example, if we take Arjun Appadurai’s view of culture as capacity to aspire, we need to understand how this capacity is influenced by a wide variety of factors, including economic development. In a crude economist’s terminology we need empirical investigations which treat culture as both a dependent variable as well as a regressor. Note the circularity here. And then, as has been stressed repeatedly during the conference, we mustn’t view these relationships as static or immutable – we must follow them over time, and understand how and why they change.

This is a pretty daunting challenge. Setting aside the methodological difficulties, we’ve seen during the course of this conference that there is not even a clear, unambiguous, universally endorsed definition of culture. Culture has myriad dimensions, most of which are themselves difficult to think about. Nor is economic development easy to define: are we talking about economic growth only? poverty reduction? poverty reduction defined in which way?

Thus, it's not so surprising that we know relatively little, empirically, about the culture-development nexus. And there is no fast and easy way in which to rectify that situation. However, I would like to echo Amartya Sen's closing remarks yesterday evening when he described how the Social Choice literature initially produced mainly unconstructive and pessimistic results (one impossibility theorem after the next), but then over time, as efforts persisted, evolved in directions which have been far more constructive and usable. Similarly, when thinking about the difficulties in measuring poverty and inequality, Sen has written about "the danger of falling prey to a kind of nihilism (which) takes the form of noting, quite legitimately, a difficulty of some sort, and then constructing from it a picture of total disaster" (Sen, 1973). Empirical investigation of the relationship between culture and development is, and will remain, difficult, but that just makes it all the more important that we waste no time in expanding our efforts in this regard.

I should be clear that when I refer to empirical work, I'm referring to the kind of quantitative, empirical analysis that economists are most accustomed to carrying out. In fact, I'm going to focus specifically on micro-empirical work, rather than macro analysis at, say, the country or cross-country level.. It's clear, of course, that the qualitative work carried out by anthropologists, sociologists, historians, and so on, is also empirical. That work is vitally important, and should, without question, continue unabated. But, bearing in mind Nick Stern's opening remarks, what I'm concerned with here is empirical work that will speak most directly to conventional economists and policymakers, that seeks to delineate the feasibility of generalization, that attempts to predict, that tries to establish causality. This kind of empirical work is still scarce, but it is important in ensuring that culture enters more fully into development policy thinking.

In thinking about where to go from here, it is useful to set out the different steps involved in empirical analysis and to ask how well-suited current, conventional practice is in allowing us to focus our attention explicitly on culture and its links to development. A first question concerns the organization of data collection and analysis. Are the survey data which underpin most micro-econometric analysis suitable for investigations into the culture-development relationship? Second, are the kinds of variables we normally collect appropriate for this purpose? Third, do we have the kinds of tools needed to scrutinize the relationships we're interested in? Fourth, do we employ an appropriate time-frame when thinking about change over time? Let me direct a few comments in regard to these questions, and then in conclusion offer some remarks regarding a specific set of issues that I think come out of this conference as meriting further investigation, where I think data analysis of the kind I'm describing here could be of value.

Organization of data collection and analysis. Much conventional micro-econometric work is involved with household survey data, where the unit of analysis is either the individual or the household. We ask questions as to how household incomes are determined, what influences a farmer's decision to cultivate cash-crops, and so on. An important theme in this conference, indeed one of the candidate definitions of culture, has been the importance of inter-connectedness between people, the insertion of community into a wider population. To explore the culture development relationship, it will not be sufficient to have only

household and individual level information available. Information on the relevant community will also be needed. Precisely what information is needed, is a big question and one that is difficult to answer in the abstract, but what I want to emphasize is that we need to explicitly link household and community level information. Now, to some extent, this is already being routinely done. Most of the household surveys that underpin analysis carried out at the World Bank contain some community level information, alongside detailed household and individual data. However, I would contend that so far this community level information has been seen to serve a limited purpose. There is no suggestion that the data are representative of communities, and there is virtually no scope for putting the community under the micro-scope.

There are a number of possible solutions to this problem. One is to change the complex sampling design of conventional household surveys so as to ensure that by aggregating across individuals or households within a certain community, you are also getting a reliable community-level indicator. This kind of change, increasing the number of households sampled per sampling “cluster”, is likely to add to the expense of a conventional household survey, because it is likely to be associated with a substantial increase in sample size, but otherwise no major difficulties are involved.

In addition it is likely to be very valuable to blend with the household survey a community level survey designed to capture information of a more qualitative nature, specifically oriented around cultural issues. This option was implemented in the Guatemala household survey, leading to very useful analysis of the poverty/culture relationship for the Poverty Assessment in Guatemala.

A related data-organization issue, relates to the appropriate level of disaggregation at which analysis should be carried out. Conventionally, survey-based analysis offers only limited scope for disaggregation of results within a country. This is because the rather limited sample size of such surveys. Yet, it seems clear from the discussions here (in particular the focus on community) that a more highly disaggregated set of results would be extremely useful when taking into account cultural issues. For example, in Shelton Davis’s presentation, wouldn’t it have been useful to have reliable estimates of poverty for each of the 21 indigenous groups in Guatemala, rather than lumping all of these together? Even with a larger than usual sample size in Guatemala, the household survey was simply not large enough to produce estimates at this level of disaggregation.

In sum, it seems likely that detailed incorporation of issues associated with culture into our more conventional micro-analysis will require changes in sampling design and/or sample size. This is a perfectly tractable (albeit perhaps costly) adjustment.

I should note that my focus here is on large scale, nationally representative household survey data. Of course, there is a healthy tradition also among economists of highly detailed micro-studies of specific locations or population groups, combining both qualitative and quantitative information. As Nick Stern mentioned, the Palanpur study, which I was also involved in, has been quite useful in confirming to us the critical importance of culture in the development process of that one village in Uttar Pradesh, and in pointing to a number of

otherwise rarely analyzed inter-relationships. As with anthropological field work, this kind of analysis should continue unabated. Indeed, given our objectives we should expand these dramatically. No matter how large scale the survey efforts become, they will never be able to study the details of relationships as closely as is possible with purposive micro case-studies. But my remarks above are mainly aimed to point to the scope for improving on our existing large scale data analysis efforts as well. What these large-scale studies offer is an opportunity to compare experiences across large numbers of households (and communities), and to make generalizations. Given that policy makers are often working at a broad, aggregate, scale, it is important to be able to present readily interpretable information at that level – even if the results demonstrate that there exists much heterogeneity within a country or region.

What data to collect? During the past twenty years or so there has been much refinement of household survey questionnaires. We know a lot more about how to collect good consumption data, and how conclusions might be affected by changes in the way we collect information. We haven't paid as much attention to working out what information is needed to study the relationship between culture and development, and how best to collect it. It may be surprising, but even the simple exercise of collecting information on the 21 languages spoken in Guatemala, would not be a matter of routine. In India, household survey data readily tell us whether a household belongs to a scheduled caste or scheduled tribe, but which specific sub-caste or tribe is not itemized. While there are many hundred questions on consumption of food items in the Indian National Sample Survey questionnaire, there is no similarly detailed information about expenditures on festivals, weddings, etc. These details are important when thinking about culture. While, of course, they will not answer all the pertinent questions, they will move us in the right direction. It seems to me that much more of such information can be collected and analyzed as long as the cultural lens is well represented at the stage of questionnaire design. Again, this is a tractable step we can take.

Time Frame Analysis of questions concerned with time are difficult to deal with, even when one is concerned only with relatively narrow economic questions. The ideal is to be able to analyze panel data which follow the same households over time. Such datasets are still relatively scarce, due to the complexity and cost of collecting them. But where they have been used they have been shown to yield important insights.

Given our interest to capture not only the contemporaneous relationship between culture and development, but also the dynamics of that relationship, it seems important to pursue similar panel data analyses here. However, the time path of cultural change may be very different from that of economic change – so that the ideal panel will be one that covers not just a few adjacent years, but decades and even generations. Institutions often evolve slowly, but there is no question that change does take place. Such data are likely to be even more rare, and analysis may encounter thorny methodological issues. So perhaps we cannot hope for too much progress here, at least in the short run. But data collection efforts such as the Palanpur one (covering more than 30 years) can continue, and there may be scope for building new data collection efforts onto earlier empirical studies, so as to construct panels even where that was not necessarily the original intention.

Tools of Analysis One of the generic challenges in applied work that studies how a certain set of factors determine a specific outcome is the question of how to establish that the empirical relationship is a causal one rather than a simple correlation. This challenge will certainly not disappear as we extend our ambit to include the relationship between culture and development. However, there has been a lot of progress during recent years in the refinement of methods and techniques to investigate causal relationships (as noted by Michael Kremer and Jean Philippe Platteau yesterday), and these should be available too to study the development culture interactions. Methodologically there may be some additional challenges, associated possibly with the long time frame over which culture might evolve, but the main tools of analysis should readily apply – assuming all along, of course, that the basic questions can be posed in a standard empirical manner.

I would note, however, that even simple correlations are likely to be of interest, so that the more sophisticated and time consuming task of establishing causality should not distract completely from efforts to identify simple correlations between development variables and ones related to culture. Certainly in the early stages, as we explore relationships, variables and definitions, the correlations we observe will be important in pointing the way to more detailed and careful analysis.

Other tools of analysis may also recommend themselves. Given the numerous issues associated with level of analysis and unit of observation (the household versus the community) when thinking about culture and development, there may be a need to combine different data sources. The poverty map presented by Shelton Davis and its correlation with the “map” of indigenous populations in Guatemala is the product of an exercise of combining population census data with the Guatemalan household survey. Such techniques can be applied to a variety of settings, and may be helpful in producing databases which lend themselves better to a kind of analysis which integrates across different units of observation.

Elite Capture

Finally, I would like to turn to some observations on a specific direction of study which, it seems to me, would be worth urgent study. A recurrent theme in the discussions at this conference has been the relationship between culture and notions of “elite capture”, stratification, polarization. While culture may not necessarily be equated with (the absence of) elite capture, as was pointed out by Deepa Narayan yesterday, it seems that such a manifestation is clearly associated with the notions of culture we have been dealing with here. Jean Philippe Platteau made a powerful argument yesterday that the presence of elite capture threatens in an important way many of the community oriented development initiatives that are, paradoxically, receiving increasing attention in recent years. There are many important empirical questions that present themselves. Is elite capture as widespread as we worry it might be? Can we find ways in which to readily identify communities in which this concern is particularly onerous? Are there policy measures which can be devised to circumvent or mitigate this problem?

In my remarks here, I have pointed to a number of tractable steps that can be taken to pursue the question empirically. Household surveys which are re-designed so as to allow one to look carefully not only at individual and household outcomes, but also to study community level outcomes, might be particularly valuable in such an investigation. There may also be scope for the application of methods to combine data sources. The idea here will be to try to develop measures of local-level elite capture and to study to what extent these influence outcomes at the individual level. The development of quantitative proxies of elite capture is likely to require detailed understanding of how such inequalities come about. Searching for solutions will also require such an understanding. It is clear that a cultural lens will be essential in coming to these questions.