

Louis Putterman, Professor of Economics, Brown University

## Overview of Research

Over the past decade, most of my research has been in one of two areas: experimental economics studies of the influence of non-standard or social preferences on problems of cooperation and trust; and long-run determinants of the level of economic development and the rate of economic growth, with a focus on pre-modern economic development, migration, and institutions.

My experimental work is related to my earlier interest in economic organization, incentives, and institutions, but allows more explicitly for roles of behavioral propensities such as positive and negative reciprocity and fairness concerns. Most of my experiments are structured around social dilemma problems—situations in which strictly self-interested behavior by each individual leads to an outcome that each considers inferior to what could be achieved through cooperation. Voluntary contributions games and trust games are two social dilemmas studied extensively in my experiments. I have also designed experiments focused on preferences for equality or fairness and on the social dilemma features of property rights regimes.

After years of studying economic development in Tanzania and China using micro-level data, I began turning in the late 1990s to asking more global questions about comparative development employing a long-run historical perspective. My experience in East Africa and East Asia suggested to me that a dichotomous framework viewing countries as either “industrialized” or not, “developed” or “underdeveloped,” was missing large differences in social and economic history among different regions of the world. In a series of studies, I found evidence of considerable persistence of head starts in economic growth occasioned by earlier development of intensive agriculture and urban civilization. This evidence has more recently been strengthened by accounting for movements of populations, such as from the Old to the New World. I am working on further studies in this general area including one on colonization and its aftermath.

My earlier research dealt, in one way or another, with the organization of economic activity, especially production, and particularly from the standpoint of incentives, motivation, and property rights, with an eye to consequences for income distribution and well-being. My doctoral thesis, completed in 1980, focused on the reaction of farmers in Tanzania to that country’s 1970s policy of promoting collective agricultural production. My work then branched out from that problem in several directions, treating (a) problems of work incentives in teams, and the literatures on profit-sharing, employee ownership, and labor-managed firms; (b) how firms are organized in market economies; (c) various aspects of the economics of development, especially rural development; and (d) the comparison of socialist and capitalist economies, especially microeconomic aspects and issues of property rights.

In 1983, I completed a book on Tanzanian peasants (*Peasants, Collectives and Choice*) and visited China to study its collective agriculture and the de-collectivization

process which was then under way. Work on China's rural economy was a major focus until I completed *Continuity and Change in China's Rural Development*, published in 1993. I also did research on work incentive and firm organization issues, and on labor-managed firms, publishing a variety of papers, co-writing with John Bonin the book *Economics of Cooperation and the Labor-Managed Economy* (1987), and writing a book on economic systems, *Division of Labor and Welfare* (1990). After publication of *Continuity and Change*, my work on China's economy focused on industrial enterprises, their productivity, employment, and wages. Most of the latter was joint work with Xiao-Yuan Dong.

At about the same time, I began a new research program on the role of preferences and values in supporting economic institutions. This led first to a conference and edited book, *Economics, Values and Organization* (1998), and to articles arguing for a model of preference formation drawing upon evolutionary psychology, co-authored by Avner Ben-Ner of the University of Minnesota. From the late 1990s, I pursued these interests mainly by following literature on human evolution and behavioral experimental economics, and by designing and conducting the experiments mentioned above. These include voluntary contribution experiments with my colleague Toby Page and a number of our graduate students, joint experimental work with Avner Ben-Ner, and more recent collaborations with Jean-Robert Tyran, Bettina Rockenbach, and Martin Kocher and Matthias Sutter, among others.

While focusing on different issues and approaches, I also continue to write on old interests, including the contractual structure of firms, profit-sharing, and income and wealth distribution. In early 2000, I completed a general book, *Dollars and Change*, which puts economics in a broad social and historical context; it was published in 2001 by Yale University Press. I was president of the Association for Comparative Economic Studies for the year 2000. A third edition of *The Economic Nature of the Firm: A Reader*, which I co-edited with Randall Kroszner, was published in 2009.

My papers and books are listed by subject in other links to my web page, and a few of my working papers can be downloaded from the working papers link. Other papers are accessible via RePEc.

## Teaching

I've taught economics at Brown since 1980. Initially, I taught intermediate microeconomics, development economics, and comparative economic systems. From the mid-1980s, I taught regularly in four areas: comparative economic systems and the economy of China, theories of firms (focusing on internal organization, incentives, and contractual structure), the history of economic thought, and intersections of economics and philosophy. In more recent years, I've returned to teaching development economics, and have a graduate course on topics in behavioral and experimental material. I've advised undergraduate and graduate theses on various topics, including China and other Asian and developing economies, Africa, firm and incentive problems, and experimental

economics. I assist in the Development Studies concentration at Brown and directed Brown's Development Studies masters program from 2000 - 2009. I've also worked with the International Relations Program, and am a Faculty Associate of the Watson Institute for International Studies.

## Personal

I grew up in Great Neck, New York, one of six children. At the age of eighteen, I joined a group of young people trying to establish a community at Kibbutz Gezer, Israel, and I lived and did agricultural work there and on another kibbutz. I returned to the U.S. at age 21, earned a B.A. in Economics (minor: Anthropology) at Columbia University, an M.A. in International Relations at Yale University, and a Ph.D. in Economics also at Yale. I am married and have three children, the youngest of whom began college in 2010. My interests include the evolutionary bases of human behavior, history, psychology, and religion. My hobbies are playing piano and spending time at the nursing home where my handicapped eldest daughter is cared for.