

IGCC Partners with University in Kabul in Unique Behavioral Lab

Research will shed light on economic decisions made by people exposed to long-term violence

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IGCC and American University of Afghanistan (AUAF) have entered into a partnership to create a unique behavioral research laboratory. In the lab at AUAF, researchers from UC San Diego and Stanford University will conduct controlled studies of economic decision-making, social behavior, and market behavior.

According to IGCC Research Director Eli Berman, the last 20 years have seen remarkable developments in techniques to study behavior in social and market environments. These techniques allow researchers a degree of precision and control over the environment that cannot be attained in observational studies. This type of research has yet to be applied to key questions of the social and psychological legacies of conflict, reconstruction of civil society, governance strengthening, and peace building.

The National Science Foundation has provided funding for the first project to take place in the lab, an examination of the effects of trauma from the violence of war on risk aversion and other economic attitudes by conducting economic experiments in Afghanistan. The research team has preliminary results showing that Afghans who live near a bombing site, when primed to recall a fearful event, are willing to pay far more for certainty in an economic trade-off than is predicted by mainstream economic theory. The project will extend this work to examine the effects of trauma on all of the "Big 5" core factors that significantly shape economic behavior: tolerance for risk, patience and time discounting, social preferences, competitive propensity, and strategic sophistication. These changes in economic attitude can turn individuals away from otherwise beneficial economic opportunities and, society-wide, harm prospects for recovery.

In terms of broader impacts, this research will reveal how exposure to violence can dramatically influence many aspects of an individual's economic decision making. The project will also attempt to demonstrate the potential for simple economic instruments to act as diagnostic tools for economists and policy makers to identify potentially at-risk individuals, especially in transitional economies. While conducted with Afghans, these experiments may shed light on the effects of trauma on anyone exposed to violence, including members of the U.S. military and victims of violent crime. More broadly, this work may show shifts in economic attitudes that can have implications for the development and economic growth prospects of war-torn societies.