

Individual Level of Globalism and Contribution to Local Public Goods

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Abstract

Globalization processes entail the concerns whether, how, and how far it is feasible to achieve the sort of human cooperation and compliance needed to meet the goals of the state and society such as paying taxes, serving in the armed forces, contributing to social causes, which in other words are understood as contribution to public goods. This quantitative four countries comparative project investigates a new approach to the analysis of globalization and its consequences on contribution to local public goods as an instantiation of national determination and cohesion, in a democratic environment. We propose a new individual-level, bottom-up, approach. This approach claims that while nations may vary in the extent to which they are open to globalization processes, within these nations, people vary in the extent to which they themselves are globalized. We claim that the individual's level of globalism explains some of the variance in the way people resolve the social dilemma of contribution to public goods. In order to assess this process we conducted three economics decision experiments: a public good game, a tax compliance game and a 'real life' experiment of donation to local NGO. We examined the Individual's Level of Globalism (ILG) using a scale we developed and validated, as an explanation for these decisions. The research findings support the hypothesis that on top of the country effect, a more globalized individual has a deficient tax morale, donates less to local NGOs and prefers to adopt the 'free-ride' strategy in a public good game.

Preface

“As global relationships become even more intricately intertwined and complex, ... [w]e have not yet developed a behavioral theory of collective action based on models of the individual consistent with empirical evidence about how individuals make decisions in social-dilemma situations.” (Ostrom, 1998).

This study aims to link the social dilemma of contribution to public goods, as an instantiation of national determination and cohesion, with the contemporary essential processes of the globalization. This linkage is being investigated at the individual level.

Over the years, an extensive literature has sought to explain the motivations behind individual contributions to public goods despite the free-ride option (Olson, [1965]1971).

The explanatory factors suggested include efficient coercion, selective incentives, institutional structure, government trustworthiness, social norms, social capital, ethical reciprocity, and dispositions (Alesina, Baqir, & Easterly, 1999; Berelson, Lazarsfeld, & McPhee, 1954; Bernhard, Fehr, & Fischbacher, 2006a; Bernhard, Fehr, & Fischbacher, 2006b; Chong, 1991; Chong, 2000; Coleman, 1988; Gächter & Herrman, 2009; Habyarimana et al., 2007; Leonard, Croson & de Oliveira, 2010; Levi, 1997; Olson, [1965]1971; Ostrom, 2000; Putnam, 2000; Sandler, 1992). However, globalization adds a new dimension to analysis of this question. Offering a complete review of globalization and social dilemma theories obviously lies beyond the scope of this article, however we aim to clarify the basic concepts underlying the theoretical framework of the project, which leads to the generation of our hypothesis. We suggest that the way in which citizens resolve the social dilemma of contributions to public goods reflects their relationships with society and the state, as well as individual predispositions formed by values, identities, traits and capacities (Chong, 2000: 46). These relationships with the state are bilateral and endogenous, meaning that individuals will agree to contribute to public goods if the government providing the goods (and demanding the contributions) meets certain conditions, such as showing itself trustworthy. However, we suggest that in today's contemporary world, these relationships are also influenced by an exogenous process – namely, globalization. Globalization processes raise concerns about whether, how, and how far it is feasible to achieve the cooperation and compliance needed to meet goals of the state and society – that is, the degree to which individuals can be expected to pay taxes, serve in the armed forces, contribute to social causes, and other activities which are understood as contributions to public goods.

Since the decision whether to contribute to public goods lies in the individual's discretion, and in order to maintain the micro level analysis, we developed and validated the content, construct, discriminant, generalizability and the invariance among countries, of a

new measure, the Individual's Level of Globalism (ILG) scale.¹ The ILG enables us to assess the consequences of a more 'globalized' outlook on the tendency of individuals to contribute to national/local public goods. Our micro-level analysis aims to bridge a gap in the voluminous globalization literature, which almost invariably takes a macro-level approach.

Globalization, as a phenomenon, has been drawing increasing attention from social scientists over the last few decades (Guillen, 2001; Keohane, 2001; Scholte, 2008). The term globalization has been defined in many different ways. However, almost all definitions involve the notion that globalization refers to the apparent 'shrinking' of distances between different places due to the emergence and thickening of environmental, social, and economic networks (Guillen, 2001; Held et al., 1999; Keohane & Nye, [1977] 2001; Scholte, 2005). This shrinkage results in enhanced interdependence and mutual awareness among social, economic and political units in the world (Giddens, 1999; Guillen, 2001; Held & McGrew, 2008; Scholte, 2005; Scholte, 2008). Advances in technology have helped produce this situation in different ways. The increasing speed and affordability of long-distance travel has made long distances less meaningful both for individuals and for businesses, even as the exponential growth of electronic communications systems and devices (the internet, social media, Smartphones, global TV, etc.) has created a new virtual global reality that makes actual travel often unnecessary. As a result, "people [have] become more able – physically, legally, linguistically, culturally and psychologically – to engage with each other wherever on earth they might be" (Scholte, 2008: 1478). Moreover, these processes are available to almost everybody, even in non-democratic environments, where in many contexts, such as the 'Arab Spring', states have facilitated the promotion of new media for economic reasons, and inadvertently nurtured the social consequences of globalization (Khondker, 2011). Thus,

¹ The scale building process is beyond the scope of this article. Information is available from the author.

even in countries that are defined as not highly globalized, many individuals behave in a highly globalized manner.

Contemporary globalization and the linked concept of supraterritoriality have raised questions regarding the effects of enhanced interdependence among nations, and the roles institutions may play as this interdependence increases (Keohane, 2001). Both political scientist and sociologists have explored the changing meanings of terms like national authority and national boundaries in the context of globalization (Guillen, 2001). Some scholars believe that the prevailing mode of governance, namely statism, is being replaced by a new model, under which “society in today’s more global world is regulated in what can be termed a polycentric manner” (Scholte, 2005: 185-186). ‘Polycentric’ connotes many centers of decision making that are formally independent of each other. Whether they actually function independently, or instead constitute an interdependent system of relations, is an empirical question in particular cases (Ostrom, 2009). Either way, globalization undermines state sovereignty, democracy, and public interests, causing substantial transformations in the character and behavior of the state and the public administration (Farazmand, 2012). The centralized nation-state may have lost its role as the interface between national (and even individual) and supranational forces. This makes analytic room for discourse regarding ‘global cities’ and even ‘global streets’ (Sassen, 2007: 49; Sassen, 2008; Stiglitz, 2006: 4). The economist Dani Rodrik even suggests that the world economy now faces a fundamental political trilemma: “[W]e cannot simultaneously pursue democracy, national determination, and economic globalization” (Rodrik, 2011:xviii). Pursuing any two of the three requires elimination of the third. More specifically, if we continue to promote globalization while keeping democratic policies, we have to give up some aspects of the nation-state’s self-determination.

As an essential yet controversial issue of our time, globalization thus entails ambiguity in the meaning of political notions such as identity, culture, borders, nation-state, citizenship, class, cosmopolitanism, and global governance. We propose to add the ‘globalized’ individual, the ‘common denominator’ for all asymmetric globalization actors, as an additional level of analysis. Typically, globalism has been treated on the national and societal level, with countries ranked higher or lower in the extent to which they are characterized as globalized. However, within nations and societies, people vary in the extent to which they adopt a global perspective.

In the current study, we argue that the Individual's Level of Globalism (ILG) may serve as a useful explanatory tool for examining the psychological processes that shape personal destinies (Bandura, 2001), and also for elucidating social, political, and national phenomena in the wake of globalization. In addition, this study may begin to answer the call by Chiu et al, (2011) for "urgent research attention" to identify factors impacting people's reactions to globalization related phenomena. Contemporary globalization processes as internalized by individuals may influence their dispositions, identities, values, and behaviors, as well as feelings towards fellow citizens (Arnett, 2002). In addition, the atmosphere of perpetual change in today’s globalized society has greatly expanded the space available for individuals to express themselves and to interact with others. The ILG is conceptualized to capture the extent to which individuals see themselves as part of a global society, are exposed to globalization processes, and have adopted the global culture of individualism and consumerism.

We emphasize that the individual’s level of globalism is more than just *exposure* to globalization and that it manifests also *perceptions*, *orientations*, and *attitudes* related to globalization.

This study uses the specially developed and validated ILG measure to examine the varied ways in which people resolve the social dilemma of contributions to public goods between narrow self-interest and collective wellbeing. It is the citizen's discretion to exercise an 'exit' (Hirschman, 1970) or 'inner migration' (Beck, 2000) option and not comply with the goals of the state and society. As all states have an interest in minimizing such exit decisions, it is critical to investigate the factors that may underlie or influence them. The current research begins to investigate how globalization may impact such decisions at the individual level, as reflected in contributions to the fundamental resources of public administration for the provision of local public goods.

Objectives and research question

The objective of this study is to examine the individual-level relationship between level of globalism, as measured by the ILG scale, and willingness to contribute to local public goods in a multinational context. To pursue this goal, we developed and validated the Individual's Level of Globalism scale, which comprises individual attitudes towards globalization, personal traits (self-perception as a world citizen and the exposure to globalization), and acculturation into the global culture (individualism and consumerism). We then examine in three experiments the degree to which willingness to contribute to public goods, both voluntary and compulsory, is related to the ILG over and above the country effect.

Theoretical framework

Why do people contribute to public goods?

The point of departure for this analysis is the premise that in large enough groups, free-riding is rational. According to Olson ([1965]1971: 2), “Unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, *rational self-interested individuals will not act to achieve their common or group interests.*” In reality, however, most people do not persistently exercise zero-contribution behavior. They do not cheat on their taxes, and they contribute to charity, blood drives, etc. – a phenomenon that pure rational choice theory fails to explain.

Clearly social pressure, guilt, sympathy, or simply a desire for a 'warm glow' may play important roles in people's decisions in this regard. Individuals who contribute to privately provided public goods (i.e., charities) gain utility from the act of giving, above and beyond the increase in the total supply of the good (Andreoni, 1990). As for public goods for which contributions are demanded by the government, coercion by itself is a costly method of enforcing compliance. Hence, governments promote a form of compliance that can be described as *quasi-voluntary* (Levi, 1988: 49-50). It is “*voluntary* because tax payers choose to pay. It is *quasi-voluntary* because the noncompliant are subject to coercion – if they are caught” (Levi, 1988: 52).

What are the ‘special devices’ (Olson, [1965]1971: 2) or factors that encourage compliance with government demands for contributions to public goods, or with solicitations for such contributions by private bodies? One possible candidate is selective incentives. Selective incentives are private benefits that are excludable, despite the nonexcludability of the public good. These private benefits may be either positive (e.g., tax deductions for

charitable contributions, or the social or psychological benefits that accrue from such giving) or negative (e.g., fines or other punishments for tax evasion; social pressure) (Olson, [1965]1971: 132-167). Selective incentives may serve as a means for the government or society to overcome the collective irrationality manifested by free-riding behavior among individuals. However, material incentives such as tax deductions are considered to play only a minor role in stimulating these contributions compared with the social and psychological benefits (Chong, 1991: 7-9; Olson, [1965]1971).

If the social and psychological incentives, positive or negative, that promote contributions to public goods are effective, it is because of the implicit rules and expectations associated with different types of social interactions, and derived from social norms and the related concept of social capital. Social norms are shared beliefs among members of a group or society about the rules governing behavior in given contexts. An important norm which may affect compliance is *ethical reciprocity*, which is distinct from both reciprocity for mutual advantage and social pressure. “Ethical reciprocity rests on a desire to behave fairly and is reinforced by evidence that others are doing their part” (Levi, 1997: 25).

Social capital refers to the benefits expected from cooperation and social contacts between individuals and groups. Like physical capital (e.g., goods and infrastructure) and human capital (e.g., individuals’ skills and knowledge), social capital is “productive, making possible the achievement of certain ends that in its absence would not be possible” (Coleman, 1988: S98). Social capital is closely related to social norms; indeed, Coleman identifies social norms as a form of social capital, along with obligations, expectations, and information channels. Social cohesion encourages social capital by setting social norms, clarifying obligations and expectations, and facilitating information channels, all of which make individuals more likely to contribute to public goods (Putnam, 2000). Leonard, Croson, and de Oliviera (2010) found that social capital in a low-income neighborhood is

more important than ethnicity, ethnic diversity, or other demographic factors in understanding public goods contributions.

Several scholars have drawn together notions of social norms, social capital, and institutional theory to explain contributions to public goods. Margaret Levi's (1997) *contingent consent* model holds that citizens will tend to comply with demands for public goods contributions if (a) they perceive the government as trustworthy – i.e., the government is “capable of credible commitments” and “its procedures meet prevailing standards of fairness” (Levi, 1997: 21) – and (b) they perceive other citizens as similarly compliant, under the principle of ethical reciprocity described above. If both conditions are met, people will contribute to public goods even when their material costs exceed their material benefits. The institutional contingency, government trustworthiness, is necessary (but not sufficient) in cases of government demands, while the normative contingency, ethical reciprocity, is relevant to all kinds of contributions to national public goods, and is related to the citizen's relationships with his/her society and community (Levi, 1997: 16-27).

Rothstein's (2001) discussion of why structurally similar states resolve the social dilemma in very different ways builds on Levi's (1997) contingent consent model and institutional theory. According to Rothstein, people will balance their rational self-interest with social norms, and in particular the norm of contributing to the common good, under three conditions. First, they must believe that providing the public good serves the ends of *substantial justice* – i.e., the public good to be produced is regarded as valuable. Second, they must trust that the government will deliver what it has promised in a fair and impartial way – i.e., *procedural justice*. Finally, they must believe that their fellow citizens will contribute on a solidaristic basis (Rothstein, 2001). Institutions that foster these perceptions by promoting the government's credibility and ensuring the fairness of procedures (including enforcement) will promote greater contributions and increase compliance.

People's willingness to contribute to public goods may also be influenced by the size of the community or society toward which they are asked to contribute. Are people likely to view their tax contributions differently depending on whether they see them as benefiting others across the country, the state or district, or the local community? According to Olson ([1965]1971), large groups necessarily function in a suboptimal manner. Organizing such groups in a federal structure with small subgroups makes individual actions more transparent and fosters cooperation (Sandler, 1992: 58-62).

Finally, we cannot explain individual behavior, including contributions to public goods, without reference to individual dispositions – a factor that is absent from conventional macro, mainly empirical, analyses of the contribution to public goods. Dispositions are enduring personal characteristics like values, identities, traits, and capacities, which are shaped and reinforced by the individual's reference groups (Berelson, Lazarsfeld, & McPhee, 1954: 54-76; Chong, 2000: 46-48). This means that an individual may, by virtue of his group identification and values, choose an alternative which is independent of the calculated current material benefits which are the driving force of net rational choice (Chong, 2000: 45-75; Ostrom, 2000). Fehr & Gintis (2007) showed, for example, that above and beyond pure rationality and/or following prevailing social norms, the two main forces influencing cooperation behaviors are the individual dispositions of reciprocal fairness and inequity aversion.

What are the consequences of globalization? Do all society members experience these processes in a similar way? We suggest that once the social causes and outcomes of time and space compression are looked into, it will become clear that “globalizing processes lack the commonly assumed unity of effects” (Bauman, 1998: 2). Globalization as a multi-faceted phenomenon has a multi-dimensional effects that will be discussed in the next section.

Consequences of globalization processes

The concept of globalization has drawn increasing attention from social scientists over recent decades, resulting in various efforts to define or interpret the term – many of which fall short in various ways (Scholte, 2008). It is perhaps easier to explain what globalization is by first explaining what it is not. Globalization is not *internationalization*, as it does not entail growing interdependence between *countries*, but between many asymmetrical global actors. It is not *neoliberalism* (or a set of neoliberal macroeconomic policies), because it promotes global values of human rights, social justice, and concern for the environment. Finally, it is not *Westernization*, because aspects of non-Western cultures may be disseminated through global processes as much as Western culture (Scholte, 2008). A better understanding of globalization may be “the spread of transplanetary – and in recent times also increasingly supraterritorial – connections between people” (Scholte, 2008: 1471). The rise of global communication networks and faster, more affordable travel have astronomically eased the movement over long distances of people, capital, and information, essentially creating a nearly borderless world.

The effects of globalization are “reflected in all social domains from cultural through the economic, the political, the legal, the military and the environmental” (Held et al., 1999: 27). Globalization processes promote the vitality of global economic companies (what used to be called ‘multinationals’) and enable restructuring of the production chain, as firms identify the relative advantages of different locations for each stage of production. More technically, globalization means that demand for the services of large segments of the working population is made more elastic, as the labor of any group of workers can be easily replaced by that of other people across national boundaries (Rodrik, 1997). On the negative side, of course, the fruits of these ‘relative advantages’ for global firms may be the abomination of Third World sweatshops, while the elasticity of the employment market

contributes to the problem of growing inequality (Stiglitz, 2006: 305). This globalization process puts heavier burden on governmental social welfare budgets, thus making it exceedingly difficult for governments to provide social insurance – a central function that helps to maintain social cohesion (Rodrik, 1997). Globalization also has effects on the sovereignty of the state, which has lost its role as the interface between its citizens, organizations, monetary institutions and markets, and the rest of the world (Farazmand, 2012). The possible withering away of the welfare nation-state is a central concern, since we cannot expect market forces to be attentive to the needs of the most vulnerable members of society. Even more troubling, Rodrik (1997) argues that “the great diversity that marks our current world renders hyperglobalization incompatible with democracy”: a consequence of the fundamental political trilemma that “we cannot simultaneously pursue democracy, national determination, and economic globalization” (Rodrik, 2011: 184-206). According to Rodrik, promoting globalization while keeping democratic policies requires giving up some extents of the nation-state; alternatively, maintaining both democracy and self-determination for the nation-state requires us to under-prioritize hyperglobalization. The crucial importance of maintaining a compatible and capable state was exemplified by the bail-out process of the financial and basic industrial sectors in the recent U.S. financial crisis. The revealed need for appropriate and meaningful state intervention cannot be under appraised.

An additional dimension of globalization – and the one that is perhaps most important for the current research – involves culture. As Tomlinson (1999: 1) puts it: “Globalization lies at the heart of modern culture; cultural practices lie at the heart of globalization”. Culture, as conceived by Tomlinson, refers to all the ordinary practices that contribute to people’s ‘life narratives’ (Tomlinson, 1999: 20). The cultural influence of globalization is multi-directional. Global culture is a fusion, with consumerism and the English language coming from one direction, and Sushi dishes and yoga practice from the other.

Intuitively, how globalization might influence individual behavior in relation to contributions to public goods is not difficult to imagine. Traditionally, social norms and social capital developed in groups formed by geographic proximity, and by the sharing of features such as ethnicity and language (Bernhard, Fischbacher & Fehr, 2006b; Habyarimana et al., 2007). “Historically, ethnicity and language were probably the most important characteristics of distinct social groups, and group norms were always a key element of a group’s culture. Thus, group affiliations and ingroup-outgroup relations are presumably crucial determinants of normative behavior” (Bernhard, Fehr & Fischbacher, 2006a). As they internalize global culture, people may be likely to feel less in ‘partnership’ with their fellow citizens (Chong, 2000: 48). That is, their reference group may shift from the nation-state to some broader, cross-national grouping, based on features other than language, ethnicity, and national boundaries – potentially impacting their willingness to contribute to national/local public goods (Keser & Van Winden, 2000). Hence, in order to understand the human consequences of globalization, we need to look at how globalization “affects people’s sense of identity, the experience of place and of self in relation to place, how it impacts on the shared understandings, values, desires, myths, hopes and fears that have developed around locally situated life” (Tomlinson, 1999: 20).

We suggest that given the forces of globalization at work in today’s world, an individual’s approach toward globalization and global culture is a key dispositional factor affecting the question at issue in this research. That is, the extent to which a person is globalized will be apparent in his/her values, identity, and perceived reference groups, and thereby may affect his or her propensity to contribute to public goods.

Hypothesis generation

The literature analyzing the question of contributions to public goods has, as far as we can tell, failed to consider the salient exogenous phenomenon of our time, namely globalization. In this study, we examine the influence of individual *values*, *attitudes*, and *dispositions* toward globalization as represented in the ILG. Higher levels of ILG may influence the nature of citizenship and individual identity, the experience of the self in relation to the locality, and the shared understandings and values that have been developed around locally situated life.

A higher level of ILG may manifest itself in the feeling that one does not ‘belong’ in terms of national affiliation – thus undermining the near-monopolistic position of the nation-state as the central locus of collective identity (Arnett, 2002; Bauman, 1998: 94; Castles & Davidson, 2000; Meyer et al., 1997; Scholte, 2005: 224-233; Tomlinson, 1999: 20). Norris and Inglehart (2009) suggest that the degree of globalization through exposure to the news media significantly decreases nationalistic attitudes and increases trust and tolerance of strangers. The rise of the professional middle classes, the affluence generated by economic growth, the expansion of access to the mass media, and living in a more permeable society play important roles in such exposure (Norris & Inglehart, 2009: 193-198). All these may affect affiliation with the state and the society (Norris & Inglehart, 2009: 171) and thus influence the citizen-state and citizen-society relationships as manifested in the individual’s contribution to local public goods.

The ILG, a multidimensional personality scale goes far beyond just exposure. It reflects psychological dispositions – values, identities, traits accounted to globalization influences. These personal dispositions weigh significantly in shaping the individual relationships with the state and society thus influencing the way an individual resolves the social dilemma of contribution to local public goods (Chong, 2000: 46-48). We suggest that

due to the comprehensiveness nature of the ILG, even less exposed individuals who rank high on the other dimensions of the ILG (i.e. higher self-perception as a world citizen, more individualistic, adopts the values of consumerism culture) will tend less to contribute to local public goods.

It is important to note that the extent to which a country is globalized varies, and the location may be suspected to intervene in the aforementioned relationships. Country globalization level (CGL) which constitutes of three factors: economic, social, and political (Dreher, 2006; Lockwood & Redoano, 2005) represents the globalization location differences of this research. We presume that in countries with high CGLs, individual citizens are likely to have lower levels of nationalistic attitudes and affiliation to the society and state (Norris & Inglehart, 2009: 193-198). However, we argue that CGL is a fixed effect of the location that does not influence the relationship between ILG and the contribution to local public goods.

We suggest that the enfeebled citizen-state relationship which characterizes higher levels of ILG, will increase the individual tendency to tax evasion, will reduce the individual's willingness to contribute to voluntary local public goods, and will lower one's donations to local NGOs. All these are understood as higher free-riding tendency in resolving the social dilemma of local public goods. Thus we hypothesize:

H1: The higher the ILG, the lower the individual's contribution to local public goods.

Method

General procedure and sample

Data were obtained during March-May 2013 from a sample of 974 participants in four countries: Australia, Germany, Israel, and Colombia. All participants took part in three economic decision experiments and filled out a questionnaire (described below)

The settings chosen for the research were selected so as to represent countries with high levels of globalization (Australia and Germany), a moderate level of globalization (Israel), and a low level of globalization (Colombia). According to the most recent overall globalization index from the University of Warwick's *Centre for the Study of Globalisation and Regionalisation (CSGR)*, used here as a measure of CGL, in 2004 Germany ranked 12th in the world, Australia ranked 16th, Israel 30th, and Colombia 82nd (Lockwood & Redoano, 2005). (These rankings differ somewhat from those of the KOF Index of Globalization, where Australia is ranked 21st, Germany 22nd, Israel 29th, and Colombia 102nd; Dreher, 2006).

The sample comprised 187 Australian students (of whom 77 were international students who had been living in Australia for several years but were not citizens), 264 German students, 241 Israeli students and 32 non-student Israelis, and 250 Colombian students. Five hundred and two participants were women (51.5 percent) and 472 were men (48.5 percent). The participants ranged in age from 17 to 76 years ($M=24.71$, $SD=8.46$). The German sample completed the experiments in a laboratory facility, while the rest did so in pen-and-paper sessions. In each country, the project was administered by an experienced local collaborator; no ambiguities in protocol or wording were identified. The questionnaire and all instructions were written in English and translated to the local language as needed (German in Germany, Spanish in Colombia and Hebrew in Israel); the translations were validated by the local collaborator. All participants were assured full anonymity.

The elements of the questionnaire were the ILG measure (39 items); and 6 demographic items (gender, age, native-born or immigrant, birthplace of both parents, household income, and whether the participant was a student).

Willingness to contribute to public goods was captured by three economic decision experiments: a public goods game, a tax compliance decision experiment, and a real-life charitable donation observation.

Participants received small amounts of monetary compensation according to their decisions in the first two experiments. The average expected compensation was calculated by each country collaborator to be the amount needed to buy lunch at the university cafeteria plus the price of a cinema ticket.

Experiment 1 – Public Good Game (PGG):

The Public Good Game is a group public goods experiment in which individuals are asked to make a voluntary contribution to public good in a one-shot trial. The optimal outcome for the group members occurs if all participants contribute their entire endowment, while a pure rational choice analysis predicts free-riding (i.e., a contribution of zero). Experimental evidence suggests that in fact, the outcome tends to fall somewhere in the middle, with most participants contributing between 40 percent and 60 percent of their endowment (Isaac & Walker, 1988). Participants' behavior may be influenced by the institutional environment (Fehr & Gintis, 2007; Ledyard, 1995: 111-181) as well as by material incentives, the group context, and individual characteristics (Cardenas & Ostrom, 2004).

Procedure

Each participant received an endowment of 100 virtual tokens and was informed that it had a particular monetary value in the local currency. Participants were then asked to anonymously donate a portion of their endowment (any number of tokens between 0 and 100) to a group project (i.e., a communal pot), with the understanding that the total amount donated by all participants would be doubled by the experimenter, and this doubled amount

would be distributed evenly among all participants, no matter how much each one contributed. Under the rules of the game, each participant's utility (take-home earnings) is thus the sum of his/her endowment less the amount donated, plus an equal portion of the total sum in the group pot. For example, if a participant decides not to contribute (i.e., decides to free-ride), his/her utility is the full endowment plus an equal portion of the group pot. The group's interest is that all participants should contribute their full endowments, giving each one double their endowment to take home. The rational free-rider is expected to donate zero tokens.

The groups varied in size between 14 and 32 members (most had 19-25 members), and the marginal per capita return (MPCR) varied between 0.06 and 0.14 ($M = 0.09$). Following Isaac and Walker (1988), with such low MPCRs we expect no group size effect. In this economic experiment we focus on free-riding (zero contribution) behavior (zero contribution = 1; all other = 0)

Experiment 2 – Tax compliance:

Taxes are a basic contribution to public goods demanded by the government. Despite the free-rider theory, most people tend to comply with tax laws, and tax morale is a societal phenomenon that is difficult to explain (Torgler, 2002). This compliance conundrum can be partly explained by the role of ethics in individual behavior, or more specifically, a combination of individual dispositions and social norms favoring tax compliance. Yet, it is problematic to accurately measure something, that by its nature, people are reluctant to disclose (i.e. tax evasion) (Alm & Torgler, 2011). We designed the experiment in a way that tackles the problematic of the issue.

This experiment is an individual economic decision game in which decisions and outcomes are independent for each participant.

Procedure

Each participant received a sealed slip on which appeared her/his assigned monetary compensation for participation in the study. The amounts were randomly assigned, with participants receiving anywhere from \$10.00 to \$27.00; participants were not informed of the amounts assigned to others in the session. Participants were told that to help cover the costs of the research project, they were expected to pay a ‘participation fee’ which would depend upon the compensation they received. This design followed Cadsby et al (2006) who showed that “simply telling people that they are required to pay a “participation fee” analogous to a tax, produces remarkably high compliance rates and less sensitivity to changes in economic variables than in the earlier experimental literature using invitation-to-gamble language” (Cadsby et al, 2006).

Participants received a table showing different levels of compensation and the participation fee corresponding to each level. The table represented a progressive tax schedule (higher marginal income incurs a higher marginal tax rate).

Participants were told that they could decide how much of their compensation to disclose, and they would pay the participation fee according to the disclosed compensation. They were also informed that there was a 5 percent chance they would be audited, and that if they were found to have cheated, they would have to pay an extra fee of double the undisclosed participation fee.

In this experiment we focus on strict tax compliance behavior (accurate disclosure = 1; all others = 0).

Experiment 3 – ‘real life’ donation to a local NGO:

The third ‘experiment’ was actually a real-life economic behavior observation. Each participant’s decision was independent of the decisions made by others in the session.

Immediately after participating in experiments 1 and 2 and filling in the ILG questionnaire, participants met individually with an assistant experimenter to check out and receive their compensation in the local currency. Each participant was handed her/his due compensation. Once the money was in the participant's hands, the experimenter asked the following question: "*Do you wish to donate part or all of your pay-off to [name of well-known local NGO that helps children at risk]? You don't have to donate but it may help people in need.*" We calculated the ratio between the individual amount donated and the total individual compensation received to be 'the rate of donation to NGO out of disposable income'. It should be noted that the total amount donated by all participants was transferred by the experimenter to the NGO.

Results

Descriptive statistics

Table 1 shows the descriptive statistics of the sample in each country. Given that the vast majority of participants were students, the data on education and income levels were not likely to contribute to an understanding of the results, and are not shown. The characteristic of Australia and Israel as high-immigration countries is manifested in the relatively low percentage of respondents whose parents were both born in the country – 32 percent for Australian citizens (the figure in Table 1 refers to the entire Australian sample) and 46 percent for the Israelis. Yet even in Germany, this figure was only 78 percent, reflecting Germany's status as a contemporary destination for migration.

The distribution of the ILG in each country is depicted in Figure 1. The one way Anova test of the differences of means of the ILG showed significant difference ($F_{(3,970)} = 15.09, p < .001$). The test of homogeneity of variance of the ILG showed significant difference (Levene $F_{(3,970)} = 4.32, p < .01$). The Bonferroni Post Hoc test results can be seen

in Table 2. The tests of equality of means of ILG reveal that the mean of ILG in the Australian sample is significantly higher than the mean in each of the other three countries. All other differences are insignificant. The Bonferroni Post Hoc test results can be seen in Table 2. All other differences are insignificant

Table 1: Descriptive statistics of county samples

	N	% Females	Age		Born in country	Both parents born in country
			mean	S.D.		
Australia	187	56%	23	4.0	45%*	19%*
Colombia	250	45%	21	2.9	98%	97%
Germany	264	47%	24	3.7	86%	78%
Israel	273	59%	30	13.4	79%	46%

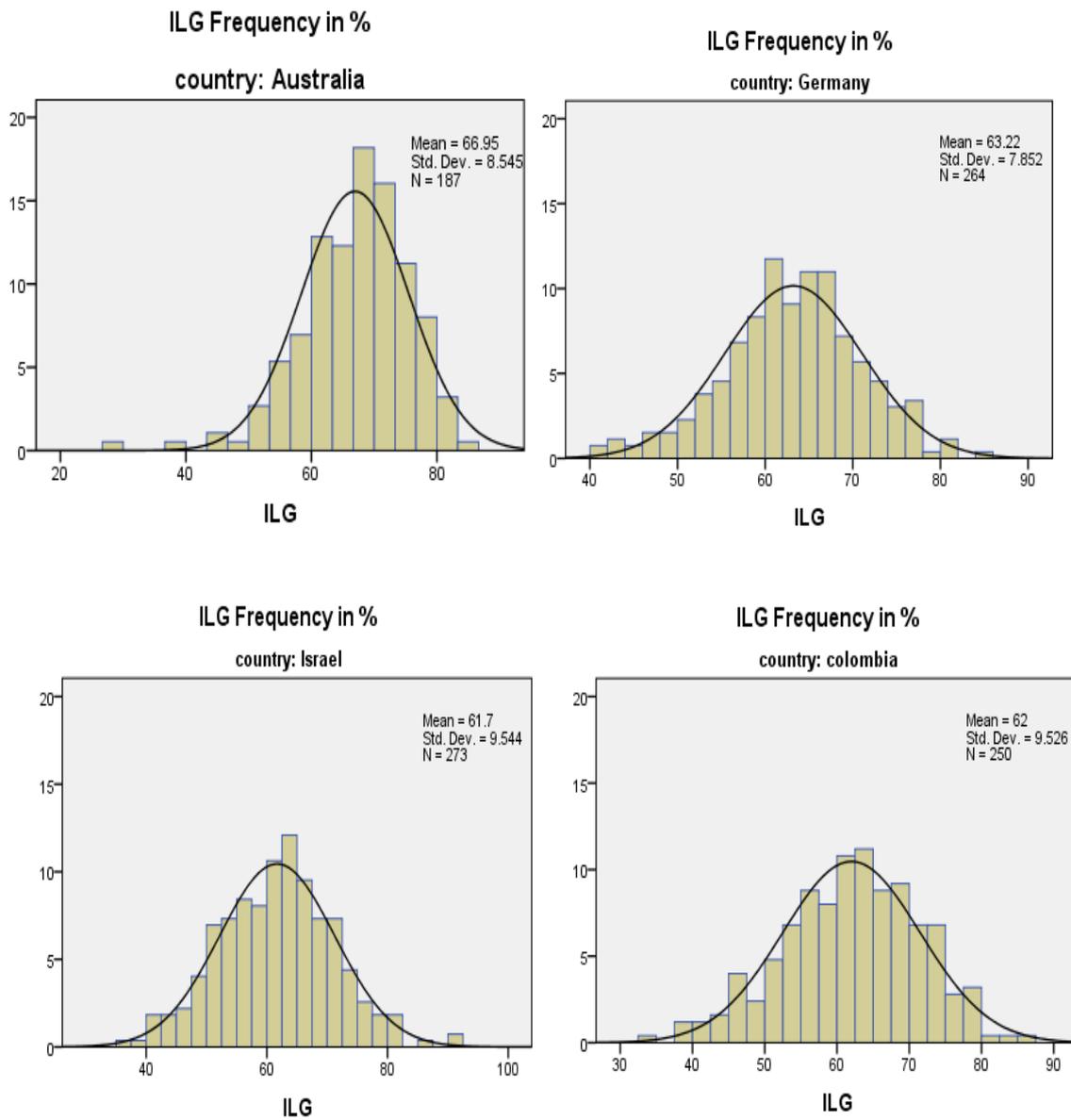
*The figures for Australian citizens are 76% and 32% respectively.

Table 2: Multiple comparison of means. Post Hoc Bonefroni test

	Australia	Colombia	Germany
	ILG	ILG	ILG
Colombia	-4.95***		
Germany	-3.73**	n/s	
Israel	-5.25***	n/s	n/s

Note: A cell (i,j) reports the mean difference of the ILG, between country i and country j. A positive (negative) figure means that the mean value in country i (row entry) is higher (lower) than in country j (column entry). * = p < 0.05, ** = p < 0.01, *** = p < 0.001.

Figure1: ILG distribution



The comparisons between the means of the outcomes of each of the three experiments for each pair of countries are shown in Table 3.

Table 3: Comparison of the means of the dependent variables between the countries

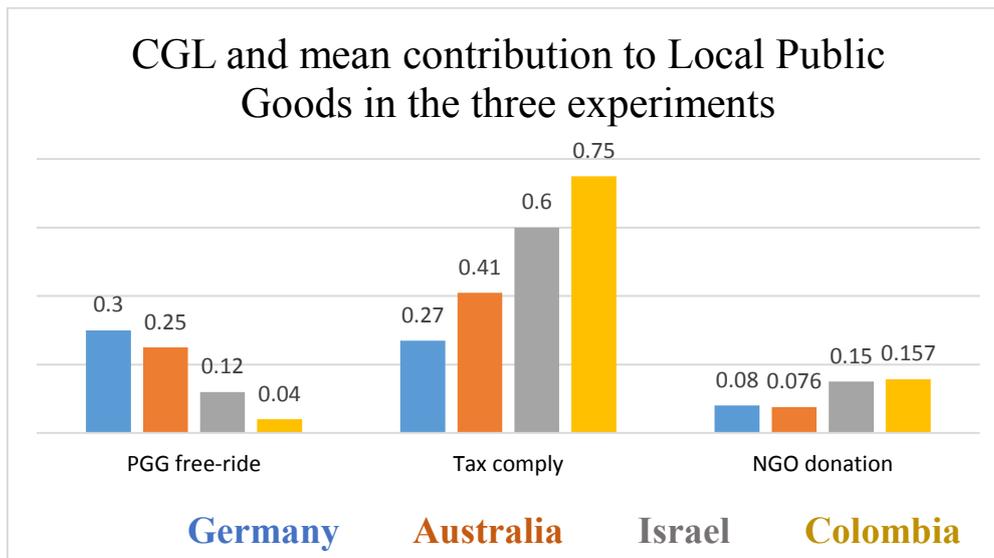
	Australia			Colombia			Germany		
	PGG	Tax	NGO	PGG	Tax	NGO	PGG	Tax	NGO
Colombia	-2.20***	1.42***	0.08***						
Germany	n/s	-0.65**	n/s	2.44***	-2.07***	-0.08***			
Israel	-0.93***	0.76***	0.07***	1.27***	-0.66***	n/s	-1.17***	1.41***	0.07***

1. Logistic regression on country dummies for PGG Free-Ride - $\chi^2(3,971) = 84.70***$
2. Logistic regression on country dummies for Tax Compliance - $\chi^2(3,971) = 137.14***$
3. One way ANOVA on country dummies for NGO donation Rate - $F(3,893) = 13.10***$
4. A cell (i,j) reports the B coefficient in the logistic regression of the Public Good free-ride, and Tax compliance, and mean differences of NGO rate of donation, between country i and country j. a positive (negative) entry means that the mean of country i (row entry) is higher (lower) than in country j (column entry)
5. ** = $p < 0.01$ *** = $p < 0.001$

The mean for tax compliance is higher in the Colombian sample than in each of the other three countries. The same finding about the Colombian sample applies also to free-riding in the public goods game. The mean for free-riding in the public goods game is lower in the Israeli sample than in the Australian and German samples. The mean for donations to the local NGO is higher in the Israeli and Colombian samples than in the German and Australian samples.

The relationships between the country's globalization level (CGL) and the means of the outcomes of the three experiments are shown in Figure 2. A higher CGL is related to higher odds of free-riding in the public goods game, lower odds of tax compliance, and lower donations rate to the local NGO. There is one exception: donations rate to the NGO were marginally higher in Germany than in Australia. However, it should be noted that these two countries are ranked very closely in terms of globalization.

Figure 2:



The Pearson correlations between all variables in the analysis are presented in Table 4. Females, compared to males, show significantly higher levels of tax compliance and lower levels of free-riding in the public goods game. Younger participants have significantly higher ILG and tend less to show significantly lower levels of tax compliance and donations to the local NGO. Higher ILG is significantly positively correlated with higher free-riding in the public good game, with lower tax compliance, and with lower donations to the local NGO. A zero donation in the public good game (i.e., free-riding) is significantly negatively correlated with higher levels of tax compliance and higher donations to the local NGO. Tax compliance is significantly positively correlated with donations to the local NGO.

Table 4: Descriptives and Pearson Correlations

	N	Mean	S.D.	Gender	Age	ILG	PG	Tax
Gender	974	0.48	0.50	1				
Age	972	24.71	8.46	0.03	1			
ILG	974	63.20	9.11	0.01	-.15***	1		
PG free-riding (=1)	974	0.17	0.38	.13**	-.04	.12***	1	
Tax compliance (yes=1)	974	0.52	0.50	-.09**	.06*	-.16***	-.24***	1
NGO donation rate	897	0.12	0.18	.07	.46***	-.14***	-.15***	.19***

* Correlation is significant at the 0.05 level (2 tailed).

** Correlation is significant at the 0.01 level (2tailed).

Free-riding in the public good game (PGG)

Since we are interested in the influence of the ILG on free-riding behavior, we defined a dichotomous dependent variable in the public good game (PGG), such that zero tokens contributed to the ‘group project’ was coded as 1, and any other contribution was coded as 0.

The binary logistic regression model as shown in Table 5 was statistically significant ($\chi^2_{(6)} = 118.257$; $p < .0001$), pseudo R^2 Nagelkerke = 0.191, $-2LL = 773.5$. The change in the $-2LL$ after adding the ILG variable was significant at $p < 0.001$, indicating that the model including the ILG is better than a model without it. The outcome variable was regressed against gender, age, ILG, and country dummies. Colombia was used as the reference group. The results show that controlling for all other variables, a one-year incremental increase in age decreases the odds of free-riding in the PGG by 3 percent. Males are 82 percent more likely to free-ride in the PGG than females.

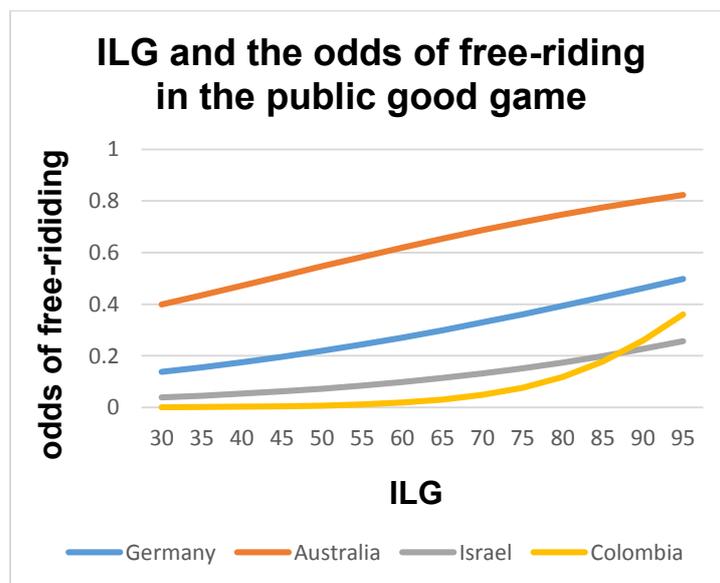
As for the ILG, controlling for all other variables, an incremental increase of 1 percent in the ILG, increases the odds of free-riding in the PGG by 2 percent - supporting our hypothesis H1. Figure 3 draws on this analysis plots the odds of free-riding in the PGG as a function of the ILG for each country. The diagram shows in each country a positive influence of the ILG. It also highlights a strongly positive correspondence between the country's ranking in terms of globalization (considering that Australia is ranked higher than Germany according to the KOF index) and the probability of free-riding in the PGG. This analysis suggests that both the ILG and CGL are associated with substantial variations in free-riding in the PGG. Interestingly, for ILG levels higher than 90 (out of 100), Israel and Colombia switch places, but factually the maximum score in Colombia was 86. For example, the odds of free-riding in the PGG for an ILG high score of 90 in Israel and Colombia are equal to the odds of free-riding by a German with an ILG score of 55. Hence, both living in a more globalized country and having a higher ILG are associated with higher odds of free-riding in the PGG. It should be noted again that the ILG's association is above and beyond that of the CGL. After testing we found that the CGL does not moderate the relationships between the ILG and the odds of free-riding, as this interaction was found to be statistically insignificant. This finding supports our claim that the CGL is a fixed effect. Our Hypothesis H1 is clearly supported by the public goods experiment

Table 5: Binary logistic regression for free-riding in the public good game (PGG)

Variables	Model 1 Control		Model 2 Direct Effect	
N	974		974	
Intercept	-3.15***	(0.50)	-5.31***	(0.91)
Gender	0.81***	(0.18)	0.82***	(0.19)
Age	-0.03*	(0.02)	-0.03*	(0.02)
German	2.59***	(0.37)	2.70***	(0.38)
Australian	2.37***	(0.38)	2.32***	(0.39)
Israeli	1.62***	(0.41)	1.59***	(0.41)
ILG			0.02**	(0.01)
Chi-square	106.421***		118.257***	
-2 log likelihood	785.4		773.5	
Δ -2 log likelihood			11.9***	
Pseudo R ²			0.191	

*= p < 0.05 **= p < 0.01 ***= p < 0.001
Pseudo R² is Nagelkerke R². S.E. in parentheses.

Figure 3:



All other variables in our regression are kept at their mean country values.

Tax compliance

Since we are interested in the influence of the ILG on free-riding behavior, we defined a dichotomous dependent variable in the tax compliance experiment such that the decision to disclose the full compensation received and to pay the ‘participation fee’ as expected by the ‘authorities’ was coded as 1, and any other disclosure was coded 0.

The binary logistic regression model as shown in Table 6 was statistically significant ($\chi^2_{(6)} = 167.752$; $p < .001$), pseudo R^2 Nagelkerke = 0.211, $-2LL = 1178.8$. The change in $-2LL$ after adding the ILG variable was significant at $p < 0.001$ indicating that the model including the ILG is better than a model without it. The outcome variable was regressed against gender, age, ILG and country dummies. Colombia was used as the reference group. The results show that controlling for all other variables, a one-year incremental increase in age increases the odds of tax compliance by 2 percent. Females are 52 percent more likely than males to tax comply. As for ILG, controlling for all other variables, an incremental increase of 1 percent in the ILG decreases the odds of tax compliance by 3 percent- supporting our hypothesis H1. Figure 4 draws on this analysis, plots the odds of tax compliance as a function of the ILG for each country. The diagram shows in each country a negative influence of the ILG. It also highlights a strongly negative correspondence between the country ranking in terms of globalization and the probability of tax compliance. This analysis suggests that both ILG and CGL are associated with substantial variations in tax compliance. The odds of compliance at the highest level of ILG in the Colombian sample (86) equal the odds for an Israeli with the same ILG score and a German with a low ILG of 30. Hence, living in a more globalized country and higher levels of ILG are both associated with lower odds of tax compliance. After testing it should be noted that the CGL does not moderate the relationships between the ILG and the odds of tax compliance, as this interaction was found to be statistically insignificant. This finding supports our claim that the CGL is a fixed effect. Our

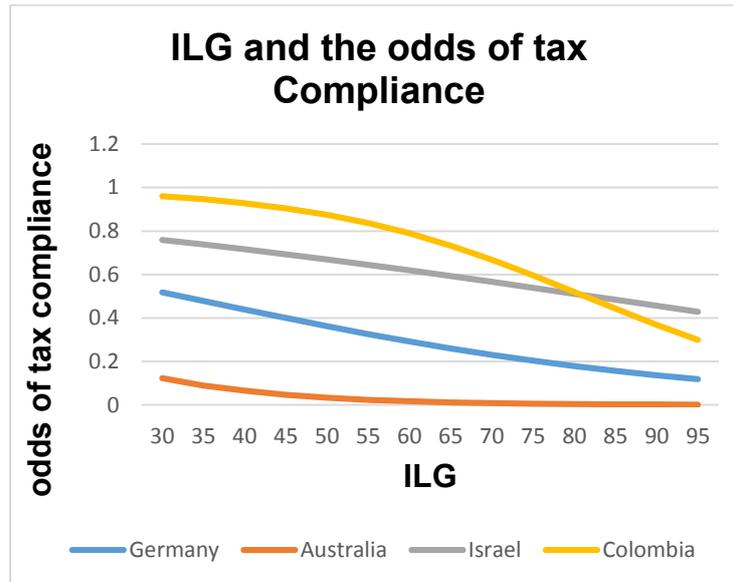
Hypothesis H1 is clearly supported by the tax compliance experiment.

Table 6: Binary logistic regression for tax compliance

Variable	Model 1 Control		Model 2 Direct effect	
N	974		974	
Intercept	0.81**	(0.26)	2.78***	(0.60)
Gender	-0.47***	(0.14)	-0.46***	(0.14)
Age	0.03**	(0.01)	0.02*	(0.01)
German	-2.19***	(0.21)	-2.17***	(0.21)
Australian	-1.52***	(0.21)	-1.39***	(0.22)
Israeli	0.95***	(0.21)	-0.94***	(0.21)
ILG			-0.03***	(0.01)
Chi-square	153.563***		167.752***	
-2Log likelihood	1193.0		1178.8	
Δ -2Log likelihood			14.20***	
Pseudo R²			0.211	

*= p < 0.05 **= p < 0.01 ***= p < 0.001
Pseudo R² is Nagelkerke R². S.E. in parentheses.

Figure 4:



All other variables in our regression are kept at their mean country values.

Rate of donation to local NGO out of disposable income

In this experiment, the dependent variable is the ratio between the amount of money donated to the specified local NGO and the compensation received by the participant. The socio-economic decision, how much (if at all) to donate, was taken by each participant in complete privacy, and so was independent of other participants' behavior. The outcome of this ratio can vary between 0 (zero donation) and 1 (donating the full amount of the compensation). Since this experiment relates to a specific local NGO, we excluded the foreign Australian students from the analysis as they are not part of the local community. The mean donation rate was 0.12. The distribution of this experiment's outcomes is shown in Figure 5.

As the continuous dependent variable is observed only in a limited range of values, this is a censored model. Hence we employed the QLIM (qualitative and limited dependent variable model) procedure for a Tobit model with a lower bound (0). The results are shown in Table 7. The parameter Sigma (0.173, $p < 0.001$) represents the improvement of the Tobit model over the OLS (SE of the continuous model = 0.179 vs. SE of the latent model = 0.173).

Based on the parameter Sigma, we can argue that the division between donations of zero and positive donations improves the goodness of fit of this model. $-2 \text{ Log Likelihood} = -230.08$, and the change in $-2LL$ after adding the ILG variable was significant at $p < 0.01$, indicating that the model including the ILG is better than a model without it. The outcome variable was regressed against gender, age, ILG, and country dummies. Colombia was used as the reference group.

Figure 5: Distribution of NGO donation rate out of disposable income

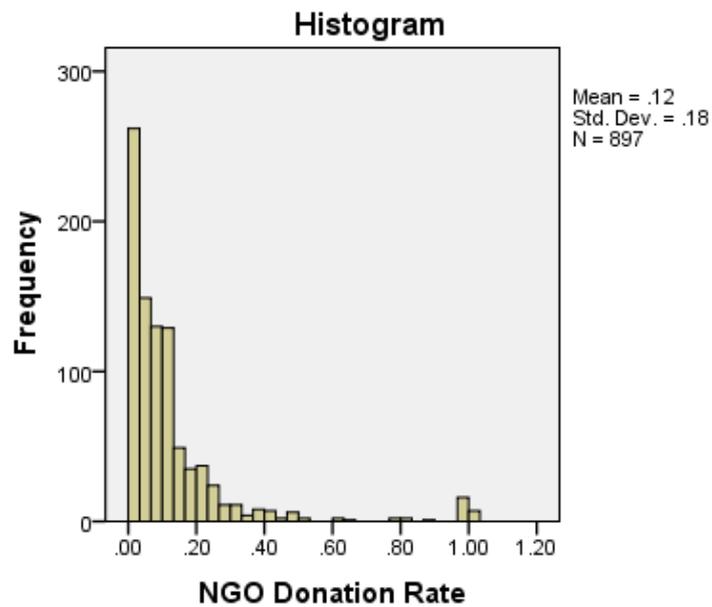


Table 7: QLIM procedure for the TOBIT model for
NGO donation rate out of disposable income

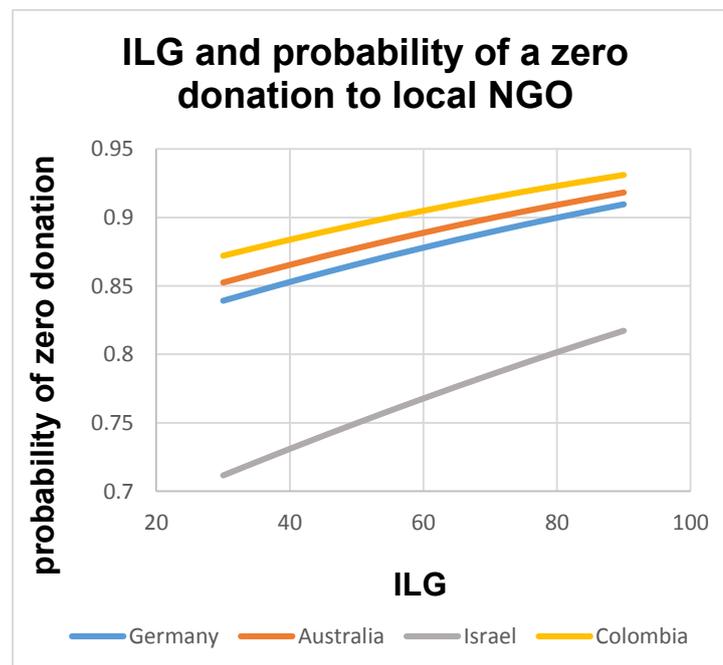
Variable	Model 1 Control		Model 2 Direct effect	
N	895		895	
Intercept	-0.462***	(0.04)	-0.445***	(0.07)
Gender	0.011	(0.01)	0.001	(0.01)
Age	0.011***	(0.00)	0.011***	(0.00)
German	-0.118***	(0.02)	-0.105***	(0.02)
Australian	-0.111***	(0.02)	-0.109***	(0.02)
Israeli	-0.134***	(0.02)	-0.134***	(0.02)
ILG			-0.001 ⁺	(0.00)
_Sigma	0.174***		0.173***	
-2 Log likelihood	-219.92		-230.08	
Δ -2 Log likelihood			10.16**	

⁺= p < 0.10 * = p < 0.05 ** = p < 0.01 *** = p < 0.001. S.E. in parentheses
Dependent Variable mean = 0.122 S.E. (0.179)
Lower bound = 0. Number of observations of lower bound = 150.

The results show that controlling for all other variables, a one-year incremental increase in age increases the odds that a participant will donate to the NGO by 1.1 percent. Controlling for all other variables, an incremental increase of 1 percent in the ILG decreases the odds that a participant will donate to the NGO by 0.1 percent - supporting our hypothesis H1, Figure 6a plots the odds of making a zero donation as a function of the ILG for each country. Figure 6b plots the rate of donation, weighted by the probability of donating more than zero, as a function of the ILG for each country. The diagrams show that in each country, higher

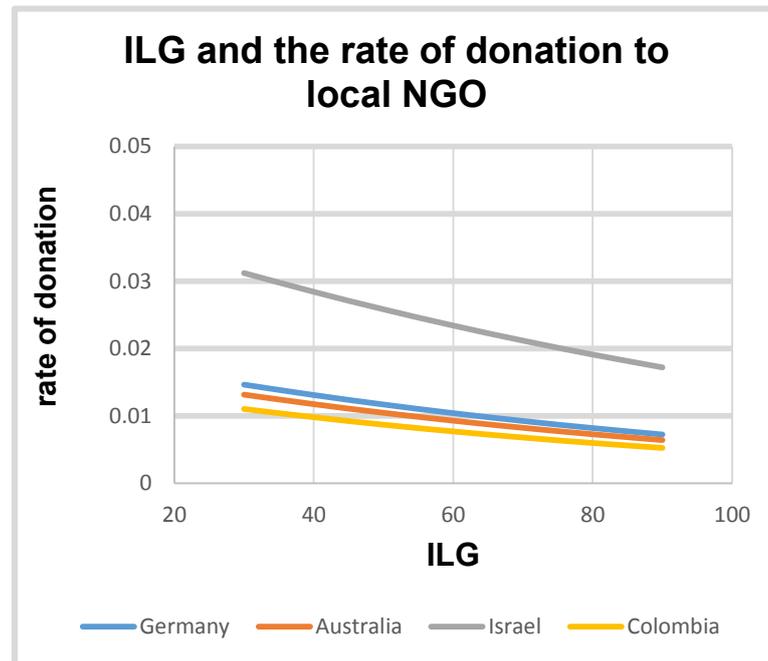
ILG scores increase the probability of a zero donation and decrease the donation rate. Interestingly, the Israeli sample clearly donated more than the other three samples for all levels of ILG. After testing it should be noted that the CGL does not moderate the relationships between the ILG and the donation rate, as these interaction was found to be statistically insignificant. This finding supports our claim that the CGL is a fixed effect. Our Hypothesis H1 is clearly supported by the NGO ‘real life’ donation experiment.

Figure 6a:



All other variables in our regression are kept at their mean country values.

Figure 6b:



All other variables in our regression are kept at their mean country values.
Weighted by the probability of donating more than zero

Discussion and conclusions

The provision of public goods and services is a central task of the government and its public administration, and one that is feasible only through the legitimate elicitation of resources from citizens. Traditionally, the equilibrium between the extent of provision of public goods and the contribution demanded is an endogenous political issue. Globalization is an influential exogenous factor that destabilizes this equilibrium. Predatory globalization (Falk, 1999) is detrimental to states' sovereignty and democracy, sharply restricting their capacity to autonomously design their own political economies as a result of challenging encounters with non-state actors like global corporations (Farazmand, 2012). Alongside its macro effect,

globalization affects individuals, influencing their values, attitudes, desires, and dispositions. The effects of globalization processes on the individual – namely, the sense that the tangible broader world is a source of the most important opportunities as well as obligations – make this micro effect an additional salient factor in the destabilization and reshaping of the public goods equilibrium. Our study provides strong evidence that as people become increasingly aware of the almost borderless world, acculturated in the global culture of consumerism and individualism (Pilkington & Johnson, 2003), they become increasingly less willing to make the contributions to local public goods that are a manifestation of the individual's commitment to the state and society.

Our study contributes to the literature by suggesting that globalization is a powerful force influencing the way people resolve the social dilemma of contributions to public goods. We examined globalization processes not only at the macro level of political, economic, and social aspects of the state or society, but rather, as we stress in this study, at the micro level: the individual. Based on 974 participants from four countries (Australia, Colombia, Germany, and Israel) who varied widely in their individual levels of globalism, our results demonstrate that higher levels of globalization, at both the country and individual levels, are associated with a lower propensity to contribute to local public goods. Globalization thus provides an additional explanatory tool that can supplement conventional explanations of why people do or do not contribute to local public goods.

The evidence we gathered supports our basic assumption that within any given society, individuals are likely to vary in their level of globalism. This added dimension of heterogeneity can help us to understand a number of contemporary political and societal processes. Specifically, individuals who live in countries with higher levels of globalization, as well as individuals who themselves score higher on the globalism scale, are significantly more likely to free-ride in public goods provision processes, and significantly less likely to

comply with tax laws or to donate to local charities. It should be noted that in our study, these effect of individual globalism levels was much alike for all four country samples. This behavior is thus a manifestation of the citizen-state/society relationship as a bottom-up process.

In our globalized world, characterized by an enfeebled sovereignty of the state and a broader sense of individual space, the practical relationship of citizenship to entitlements and obligations has become somewhat obscure. These processes leave more discretion for individuals to shape their own relationships with the state and society. The variation in behavior that globalization seems to account for in our experiments, and the pertinence of public goods contributions to social cohesiveness and national determination, make it clear that the ILG is a key element in understanding these relationships, which are permeable and bilateral. Identity confusion, a key consequence of globalization for the individual (Arnett, 2002), reinforces the ambiguity of the differentiation between the ‘in-group’ and ‘out-group’. Thus, in the contemporary borderless world, citizens may feasibly exercise the ‘exit’ option by either physical or virtual disengagement. These findings are in line with the essential political trilemma posed by Rodrik (2011) about democracy, national determination, and hyperglobalization – namely that the pursuit of any two means eliminating the third. More specifically, if we pursue hyperglobalization in an established democratic society, the self-determination of the nation-state encounters crucial challenges.

Limitations and future research

Our study should be seen in light of several theoretical and methodological limitation. First, due to budget constrains we used a students’ sample which is generally debated for representativeness. However it should be noted that the range of ages of our sample was from 17 to 76 years ($M=25$, $SD=8$), and that many of the students (mainly in Australia and

Israel) were graduate students. This large and diverse sample represents heterogeneous cultural, societal, and political backgrounds. In addition, Alm (2010) who discusses the advantages of such economic experiments claims that there is no reason to believe that the cognitive processes of students are different from those of real people. Second, due to budget constraints we conducted the research in four countries a fact that could raise a question of generalizability. However we defend our conclusions since the locations selected do represent diverse cultures and levels of globalization. Third, using the method of experiments may deflect behaviors in comparison to real life ones. However, this method is advantageous as Fehr & Gintis (2007: 44) state that “experimental method permits cumulative empirical and theoretical progress through the rigorous testing of alternative theories, the establishment of causal relationships between key variables, and the replicability of results”.

This study offers scope for future research projects. First, conducting such research studies in more countries or with general population samples confirming the current findings will make them more robust. Second, the negative correlation we found between age and ILG (older respondents tended to have lower ILG scores) raises the question of whether this is a generational or a life-cycle effect.

as far as experimental results are applicable to real life, our research may serve as a departure point for future investigations of individual political behavior and may help us achieve a better understanding of plausible developments in the future of the nation-state in the era of globalization.

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