

Anthony Comegna: About three times a year, once in the summer and twice each fall, the IHS hosts graduate student research workshops. While these events, of course, feature our students and their work, we also fill out the weekends with faculty presentations on our established scholars' current work. Our students get to share their research with one another, workshop it all back and forth, and receive invaluable feedback from professors in the field.

As part of our show's efforts to track all of these ideas and progress, we caught up with our November research workshop faculty, professors Claudia Williamson, Randy Simmons and Richard Bell.

So Professor Williamson, what kind of advice did you give this past weekend to our graduate students who are all right in the thick of their research?

Claudia Williamson: There were several different themes running throughout the weekend. One was that, in terms of just pursuing their research, they needed to be persistent and consistent and understand that it takes time. I think that's something that I still struggle with is always underestimating how much time research can take. Then seeking feedback from others, from obviously their dissertation advisor or their committee, but other colleagues that they may be in the program with or through networking events that IHS provides, that they should continue to seek feedback from us or other students that they're meeting at these events.

Specifically to presenting, since it is a different mode of communication than writing, a lot of times students falter in taking their paper and trying to cram that into a PowerPoint presentation. Instead of doing that, they need to think about communication ... The presentation is a different mode of communication for their research and that some things may be presented differently. They may present some data that doesn't necessarily get put in the paper, for example. So just understanding that in order to keep people engaged during a presentation is going to be different than the way that maybe you've written the paper for a journal article.

Then on top of that is to just practice. Sometimes you'll be presenting for 15 or 20 minutes, other times it will be an hour and a half. They need to understand how to pace themselves and I think the best way of achieving that is just continually practicing, presenting to others, people even inside your discipline and outside your discipline. That's just really going to help those presentation skills.

Anthony Comegna: Oh gosh, I am so glad you said that because I've got to say, few things bother me more at an academic conference than when somebody clearly has not practiced their delivery beforehand and they either go way ahead of time or they're obviously rambling and they lose their train of thought and that kind of thing. It bothers me to no end.

Claudia Williamson: I completely agree, yes.

Anthony Comegna: I'm really glad to hear that. Now, that's fairly, I guess, tactical advice about the best sorts of methods to achieve polish and sheen and good feedback, constructive criticism for immediate projects. What about more strategic longterm advice? Specifically I'm wondering, what are some of the key disciplines or specialty fields or very specific subjects where you think that classical liberal scholars, especially students like ours who are all supposed to be doing fresh and original research, what kind of contributions do you think they should really be trying to make right now?

Claudia Williamson: To me, I think in terms of longevity for a career, it's got to be something that they're interested in. I think that's the first step, is that they need to figure out what's going to make them excited to keep working day in and day out, especially whenever it feels like you're not making much headway, because they're so excited about trying to figure out possible answers to their research question. That's really going to push them and elevate the quality of their work.

More specifically within that, some of it does just depend on their own interest, but I still think, and I might be biased, but there's a lot of work that classical liberals can do within international development just because you get so much variation across the economic institution, the political institution. You can look at different histories and how that's been able to impact development. It just provides, I think, more richness, that if you are limiting yourself to a specific country or region, that you might not be able to obtain.

Anthony Comegna: It also seems like maybe there's an argument that you get the biggest bang for your buck by studying a subject like that in terms of the overall gains for humanity by studying international development.

Claudia Williamson: Yes. I definitely think so. For something with trade, obviously free trade is going to help individuals living in richer countries like the US, but the payoff tends to be a lot more for those poorer countries that haven't had open access, access to other countries, whether it be through trade of goods, trade of services, capital flows. You do get, I think, a higher payoff like you were suggesting.

Anthony Comegna: Now, let's turn for probably the rest of our time, to you specific research that you brought to this conference. All of our faculty present on current work that they're doing or work that they're going to be publishing soon. Tell us about your project.

Claudia Williamson: This paper comes out of a body of work that I've been pursuing for a while now that's looking at how culture influences development outcomes. There's emerging literature strongly suggesting that culture doesn't matter. For example, think about the way that economists are talking about culture, we

tend to categorize it as norms or values that would impact economic decision making and thus, economic outcomes. That's somewhat of a broad definition.

Throughout this work, what has emerged is one of the main cultural dimensions that economists are studying is this idea of being individualistic or collectivist. Just to give a quick overview of that, individualism would pertain to values that promote individual responsibility. They would praise innovation or potentially not conforming to the group. They would also counter to something like a collectivist culture where your identity is part of a group identity. That can then relate to a variety of economic outcomes.

What most of the work has done up to this point has related individualism to economic growth or the level of development. We strongly see suggestive evidence that individualism is promoting overall levels of income or the economic growth. We're also seeing it relate to entrepreneurship rates across countries. Again, just getting at that idea of, if you view yourself as somebody who should be pursuing your own personal freedom and achievements. If your society is rewarding social status to personal achievements, then we do believe and see it bearing out in the data, that those countries tend to be more innovative and spend more money on research and development and they also tend to be higher developed countries.

What I started doing was looking at how individualism would relate to other economic outcomes such as the level of regulation. We tend to see it across countries, more individualistic countries tend to regulate their economies less. That fits in that same space as understanding culture as relating to economic outcomes.

For this specific paper what I decided to do with one of my co-authors is we were trying to understand if individualism really is this deep-seeded cultural norm that relates to a variety of outcomes. We need to peel back that layer and try to get at what other, maybe, attitudes or beliefs in individualism versus collectivism determining or relating to. That's where we got to that idea of looking at attitudes towards women versus men or gender inequality issues that we see happening, not so much in the economics literature but maybe in the sociological literature. That was part of the motivation for why we started looking at how culture would relate to gender equality issues.

Anthony Comegna: So is it fair to characterize your conclusions then that more individualistic countries have greater economic growth and are more feminist?

Claudia Williamson: That is a fair characterization. The way that we set up the motivation for the study was off of the enlightenment ideas that personal and individual liberty transcends gender identity. It's not that we believe in liberty for one group of people over another, it's to be extended to everyone. That's how we set up the motivation and that it is how our results ended up turning out, which was pretty

fun and interesting because whenever you start a research paper you never know exactly where it's going to go, but we do find that countries and individuals within these countries that hold values for personal freedom or that promote individual responsibility, that those individuals also believe and hold onto more gender equal attitudes.

Somewhat counterintuitive to maybe something that you may read in a feminist study body of work, we do find that these values that tend to promote property rights aligning with what we would think as values of capitalism, they also promote equality to women.

Anthony Comegna: Can you tell me a bit about the research design here? For example, how are you measuring these different categories? How do you measure individualism versus collectivism?

Claudia Williamson: Yeah, that's a great question. For this particular paper, we look at the World Value Survey. The World Value Survey is a series of surveys that's been conducted since 1981 across countries. They ask individuals within those countries a variety of questions. You get a lot of demographic information, economic information and then also just measuring things like the level of trust a person may have or just other norms, beliefs and attitudes.

What we do with that data is we try to match up questions that were asked in the survey to things that we believe capture individualistic values. Something like less conformity of behavior or believing more in the right to a private life or more competition instead of government oversight of your life. We pulled out several questions. One question in the survey is related to private versus government ownership of business, for example.

From these questions we can create our own individualism index. All of this is done at the individual respondent level. We assign and create a level of individualism index from these questions in the survey. Then the survey also asks questions pertaining to attitudes across gender or toward women or men. For example, we create a gender attitudes index by taking the responses to questions like, "Men make better political leaders than women," or, "It's a problem if women have more income than their husbands." We pulled several of those questions to create this gender attitudes index. Then the survey also asks the number of children that the respondents have. It asks them if they work outside the home and then their years of education.

We're also capable of not only measuring gender attitudes, but we then measure social outcomes. Some of the argument for fertility for example is the fewer children women have, it's easier for them to work outside the home. We also look at if they work outside the home, and then female years of schooling.

Across all of those measures, we find that our individualism index positively correlates to more gender equal attitudes. It would reduce, for example, the likelihood that people believe that men are better leaders. Then we also see that it reduces fertility, it would increase female employment outside the home and increase female years of schooling.

Anthony Comegna: Now unless I'm completely misremembering this, because it has been a couple of months now since you and I spoke about your topic by email, didn't rainfall come into your calculations somehow?

Claudia Williamson: You are remembering correctly.

Anthony Comegna: It seems like a strange thing. It stuck in my head as something to ask a question about. How did that factor into your model here?

Claudia Williamson: Yeah. It's a great question. Always with any empirical work, you're trying to not only establish correlations, but you're trying to at least address causality. We can't ever perfectly address it. One of the ways that we intend to do that is by trying to create an instrument for our main variable interests for individualism.

My co-author, Louis Davis, he's worked in the culture literature for a while. He had developed, in a prior paper, this argument that historical rainfall variation is going to potentially correlate to contemporary cultural attitudes today. For example, the argument that he comes up with is that in traditional societies, agricultural risk, that being more variation in your rainfall, is going to lead to the development of more collectivist social norms as a way of informal risk sharing. You would create more of that group mentality, the more risk that you're exposed to.

We build off of his prior work and take this measure of historical rainfall variation and we're able to match it to individual responses, so the individual respondents, and give them their measure of historical rainfall variation to then instrument for individualism.

Anthony Comegna: Now, no study is perfectly free of bias of some kind or other. Where do you think there might be a bit of bias in the way you've constructed this study?

Claudia Williamson: So measurement error is obviously a concern any time you're using survey data. That is definitely something that we don't think that we've completely rid this study with concerns of measurement error within the survey itself. Then also, whenever we are then incorporating this historical rainfall variation measure, the way that we match it to each individual respondent is we take the answer to the question of what language they speak at home and we actually use that to match to historical rainfall variation. You could be somebody who lives in India, for example, but you speak English, so you would be assigned the historical rainfall variation based on that language.

On one hand that's actually nice because it creates a more exogenous measure of agricultural risk, but at the same time, it's going to introduce other biases that we can't perfectly correct for.

Anthony Comegna: What surprised you the most in the course of conducting this research?

Claudia Williamson: For me, I was really shocked by just how robust the results were. It wasn't that we just found one question that seemed to hold for individualism increasing gender equal attitudes. It was across a variety of questions. Then it also held up whenever we looked at four different social outcomes. Then even when we were trying to correct for some of the measurement error and some of the endogeneity, the results still held. Again, that's never perfect but we did find that it wasn't that sensitive to the way that we either constructed the analysis or we would keep adding in other control variables or testing it a variety of ways. The result was still very consistent.

Anthony Comegna: What kind of advice did you give to our graduate students who were all in the thick of their research this past weekend?

Randy Simmons: Advice about their presentation, the first is to remember that you are the show, not the slideshow. The slides are there to back you up and not to be the show because there are some who wanted to look at the slides on the screen and read off the screen, and there were a few who were just amazingly good. The slides were useful information that they could refer to, but they didn't have to look at them. That was, I think, in terms of presentation, that was one of the biggest deals.

In terms of, they asked us some good questions that spurred advice. They asked if we have a specified time of day when we work. Actually basically it's how do you work? All three of us had different approaches, but what we said was, "Figure out what works for you and then do it."

Anthony Comegna: Yeah. That is a huge, huge piece of advice, right? People will often say, "Sit down and make sure that you write at least 800 or 1000 words a day every day. Keep in the habit, keep in the practice." I don't necessarily know that you need every single day a certain number of words. That works for some people, but oh my gosh, you just need to do it.

Randy Simmons: That works for Mike Munger but Mike's really anal. If you're not anal, you have to find some other way to make it happen.

Anthony Comegna: What about in terms of topics? I'm especially interested in, for example, what do you think are some of the areas where classical liberals should be doing more work?

Randy Simmons: I think the intersection between economics, politics and sociology which is weird because my basic argument about sociologists is that there's nothing so valuable nor so rare as a good one. We tend to ignore the questions they ask and many of them are really good questions. For example, I listened yesterday to a podcast with Steve Horowitz talking about his book on the family. He made the point that classical liberals sometimes are really knee-jerk in our responses to questions about family, for example. We haven't thought seriously about family ... What does family mean and how does that fit within a classical liberal tradition and what does it mean for figuring out how a classical liberal may think about today?

That was my takeaway from the Horowitz podcast. I think Steve was saying that we need to pay attention to things like family. Well, the mantra in sociology is race, class, gender. Well, how are we going to respond to people who are really, really concerned about those topics if we haven't thought seriously about them? We tend not to, I don't think.

Anthony Comegna: Why do you think that's been?

Randy Simmons: The economic questions are relatively easy by comparison, I think. It's easy to ask the question, for example, "What are the secondary effects of import restrictions?" We know how to do that. We don't know how to say, "What are the secondary social effects of large scale refugee immigration?" We tend to say, "It'll be all right. It'll be all right in the long run," and I believe that, but do we ... Maybe there's somebody asking those questions. I just got the Brian Kaplan graphic novel on immigration and maybe he'll have some answers on that because if anyone has thought about questions like that, it might be Brian Kaplan.

For example, 50 years ago in Pisa, Italy, the main street from the bridge over the river over the Piazza Garibaldi on Friday and Saturday nights was filled with people walking arm in arm, having fun, talking. I was there last year on a Friday night and the stores were all shuttered, closed, with their bars down in front, the roll down bars. The only people out were some people who appeared to be from North Africa or from somewhere in the Middle East. If I were a Pisan and was looking at that and was saying that the reason for the people not getting together on a Friday and Saturday night is because of immigration, I'd feel like my city had been stolen from me.

Maybe we don't have tools in economics and political science and history to be answering questions about those effects and how to respond to them, but the sociologists at least ask those questions. I can't believe I'm making an argument for the intersection of economics, politics and sociology, but I am. Becky actually started making that argument a few weeks ago. I hate to be on a trailing edge behind Pete.

Anthony Comegna: I think there's immense room for work to be done at those intersections. With your example from Pisa, I'm immediately struck by, for example, the phrasing of, "My society". I think an awful lot of classical liberal insights come to bear on that story by making the point that we don't own societies as individuals. We have no property claim to your culture existing in a particular way for an indefinite amount of time. It's not something you can press a claim to, yet people do feel like that. I think it's something we have to find a way to understand and reckon with and make some kind of intervention that makes a difference in that kind of debate. I'm definitely glad to hear you say that.

Randy Simmons: Analytically, we can say, "You don't own your society." Emotionally, people do believe it.

Anthony Comegna: Yep. [crosstalk]

Randy Simmons: I was a small town mayor in a growing town, subdivisions popping up, and boy, the older folks in town, the comments they made to me was, "Our city has been stolen from us."

Anthony Comegna: Let's spend the rest of our time talking about your lecture here on the topic of work that classical liberals are doing right now. You pitched this lecture to me as, "A Coasean analysis of how western water law developed." I'm a humble historian and a lot of the economics jargon escapes me. What does that mean, a Coasean analysis of western water law?

Randy Simmons: Yeah. Well, first of all, for this audience I did not even mention Coase.

Anthony Comegna: Okay.

Randy Simmons: One of the students did. One of the first questions I got was, "Well, isn't this just a Coasean argument?"

Anthony Comegna: Our good old IHS students are the best.

Randy Simmons: Yes, exactly. Ronald Coase argued that in a situation where property rights are clear and people are able to make trades based on those property rights, that externalities all get internalized. That is, if I'm creating a cost for you, the question to be asking is, "Do I have a property right in that? Do you have a property right in not having those costs?" The way you answer those questions will tell you how that little society will work.

I'll just use the pioneers as my example. The same thing happened in the mining camps. When the Mormon pioneers arrived in Salt Lake Valley in 1847, on July 22nd, the advanced party made it down in the Valley. The first thing that they did was they built a dam across City Creek and flooded five acres of land to get it soft enough to plow. They then plowed it, planted it, dug furrows and a ditch to

run the water there so that they could water corn and potatoes and garden seeds that they planted. They wanted the seeds out of the gardens to save for the next year.

Notice, that's the first thing is they diverted water because the West is dry. You get beyond the 100th Meridian and there's an average of 17 inches of rain a year and that's only average. That includes the mountains that get 15 feet of snow and the valleys that get none.

As settlements spread through these valleys, what would happen is that you have to be able to irrigate because it's high desert. You have to divert water out of the streams. Who gets the right to the water? Who owns the water right becomes the big question. The first rule became the first person that diverted water, that person had the right to that water and it wasn't to a share of the flow. It was to an actual amount. This three acre feet ... An acre is enough to cover a football field with a foot of water essentially.

I might have the right to divert that. Well, the second person down the stream ... If it's a dry year and I take the entire flow of the river, the person downstream gets none. Now, is that an externality? Have I caused harm to that second person? Well, in the world of property rights, the second person, the junior right holder goes to the senior right holder and says, "Can I borrow some water? Can I lease some water? Can I buy some water?" They work out a solution.

That happened in the mining camps. It happened all across the West, this idea of prior appropriation or first in time, first in right. The first one that diverted the water has the first right.

That works really well when you're irrigating right out of the stream, but what if you have to transport a long distance to get it where you need it? Who's going to dig the canal? Who's going to maintain the canal? Who's going to ... There are huge transaction costs in figuring that out. Who's going to make sure that the person at the end of the ditch gets water and it isn't all getting taken by the person at the head of the ditch? Because if I'm not going to get water, I'm not going to help build this thing.

What happened was that mutual irrigation companies were invented. They were invented in Wyoming, in Utah, in New Mexico, in Colorado. They just sprung up. It was a new invention. What happened was that the company owned the right to divert the water and as a shareholder, I own a share of the water. Notice what that does to transaction costs. If I'm part of a company, then the at annual meeting, the shareholders figure out the rules for the year. They figure out if somebody's not paid their dues. It figures out what the dues ought to be. They hire a water master, often called a ditch rider, somebody who rode their horse along the ditch and made sure that you were taking water at your turn and not when it's somebody else's turn.

Actually the Wyoming water engineer described what happens when you don't have such an organization and you try and get people to just dig a ditch and cooperate without some formal organization. He said is, "If you're not at the head of the ditch, you soon have murder and mayhem in the heart of every water user," because as Mark Twain supposedly said, "In the West, whiskey is for drinking and water is for fighting," because it's a scarce resource.

You create these organizations and it solves all of that conflict. It solved all those transaction costs. It was a wonderful system. Then, through time, the quasi-governmental system emerged for much larger scale water development. The irrigation companies worked for small areas, relatively small. Maybe huge in terms of land, but small in terms of shareholders. But then to build big dams, you needed another organization which became irrigation districts. Then it got, I think wrongly, but they got powers from the state to tax and eminent domain.

Again, what they did is they created a West that is awash in water because all this water falls in the mountains in the winter and then it comes rushing down the streams. Well, if you capture it, then you smooth the consumption or smooth the flow through time and you've made it so there's lots of water. The problem is that the mutual irrigation companies and the irrigation districts who solved this transaction cost problem, property issues so well, they now control, in every Western state ... Well, the average in the Western states is 72% of the developed water. Where is all the growth? Not in agriculture. It's in municipal and industrial use. You'd say, "Well, there's lots of water. Let's just move it from AG to municipal." Well, how are you going to do that?

It turns out that I own three and a half shares in the Spring Creek Water Company. I bought two of those shares recently. I went to the owner and I said, "Hey, how'd you like to sell me two shares," and he said, "Okay, I can do that," and he got out his stock certificates, signed them, and I turned them into the company and I owned it. I didn't have to ask permission from anybody. But if I wanted to sell those three and a half shares outside of the district, even to the little city I live in, if I wanted to sell them those shares and they're going to then not use the water and our irrigation system, but maybe in their municipal system, that's going to reduce the flow in the Spring Creek Water Company and it would require the approval of the board of directors. The board of directors would never give that approval. If pushed, they would put it to a vote of all the shareholders and they would never vote for it.

You've got to have ... It's almost impossible to move water out of those irrigation companies into municipal and it's almost impossible to move it out of the large irrigation districts into municipal for the same kinds of reasons.

These organizations that solved the property rights, transaction cost problems so well beginning in 1847, are making it really hard to transfer water from AG to municipal today. You've got the same problem with ... In order to own a right,

you have to divert it out of the stream. That's called put it to a beneficial use as defined by the state legislature or the state water engineer. Well, what about leaving water in the stream for fish and environmental uses? Until very recently, state legislatures would not ... They wouldn't change the rules so that an in-stream flow leaving some water in the stream instead of completely de-watering the stream ... A phrase I like, by the way, de-water, it sounds awful ... If you left your water in the stream because you love the fish, you left it there for five years, you lost your water rights and somebody else could get it.

That required a change of legislation started in Montana and spread across several states, where an in-stream flow could be considered a property right, but again, you can get in-stream flows easily from somebody, like the individual, the guy I started with, the guy who was first to divert, people are diverting right out of the stream and putting it onto their fields adjacent to the stream ... Trying to get an in-stream flow from water that's been transported a long ways for irrigation purposes, that's much, much harder.

But states have started changing that law. Utah's law, for example, allows the state to own in-stream flows, but won't private organizations to own in-stream flows. That's happening some, but the movement from AG to municipal is really difficult. It takes years. In California, it took 25 years to work out an agreement to move water from Imperial Irrigation District to ... Is it MWC Municipal Water Company? Anyway, it's Los Angeles. It took 25 years and the Bureau of Reclamations stepping in and saying, "You're all going to lose your water unless you make an agreement."

It's a wonderful little irony that institutions that worked so well now make it really difficult to adapt to the changing world. That's what the paper is about.

Anthony Comegna: What kinds of conclusions do you draw from that then? How do we ensure, for example, that property rights can be clearly defined and services and products can be delivered efficiently without these kinds of monopoly problems developing and this entrenchment forming and path dependence and things like that. How do we make sure that there is a framework available for the kinds of growth and change that we need without this kind of entrenchment and resistance to adjustments?

Randy Simmons: That's a really good question because you mentioned path dependence. This is as clear an example of path dependence as you might find because instead of path, it's ditch dependent.

Anthony Comegna: Yeah, it's a pretty literal version of that phrase.

Randy Simmons: Yeah. A completely literal version. Eventually money will talk, so whole irrigation companies may end up getting bought out by cities. You buy out the whole company, then you don't have the hold out problem of those members who

aren't willing to sell. To do that will require a bunch of creative solutions like, for example, offering people some discount on their water bill because now they're using culinary water to water their lawns. It will require side payments of some kind. I expect water will move but it will take a long time and be difficult.

Part of it is ... What we've also created is an anti-commons, where you have so many users, you can't get any sort of agreement, because any time you try and move water, that trade, that transaction, can be challenged by people who have no real ... You wouldn't think that these people can have standing, but the rules for standing are so broad that you end up in court for some years trying to get the transaction done. When I was mayor, it took me three years to get a simple transaction, moving a property right from a tertiary right 15 miles north to a well right, the right to drill a well and extract that much water in my city. This is a town of 7000 people. It took three years because of all the people who were opposed. It actually made it to the Utah Supreme Court. We spent hundreds of thousands of dollars on attorneys, possibly more than the water rights would have sold for on the open market if there were a market for moving water that kind of distance.

Maybe people will figure out, "They figured out something in the 1850s, maybe we'll figure out something new today."

Anthony Comegna: Mayor Simmons, we'll leave it there. Thank you so much for joining us.

Randy Simmons: Sure. Thank you.

Anthony Comegna: Thanks for joining us everyone for our peek into IHS's November research extravaganza. Check back in next week when we'll talk with historian Rick Bell about his new book, *Stolen: Five Free Boys Kidnapped Into Slavery and Their Astonishing Odyssey Home*.