

# Signaling Goodness

*Economics, Cognition, and Society*

This series provides a forum for theoretical and empirical investigations of social phenomena. It promotes works that focus on the interactions among cognitive processes, individual behavior, and social outcomes. It is especially open to interdisciplinary books that are genuinely integrative.

Editor: Timur Kuran  
Editorial Board: Tyler Cowen Avner Greif  
Diego Gambetta Viktor Vanberg

**Titles in the Series**

Ulrich Witt, Editor. *Explaining Process and Change: Approaches to Evolutionary Economics*

Young Back Choi. *Paradigms and Conventions: Uncertainty, Decision Making, and Entrepreneurship*

Geoffrey M. Hodgson. *Economics and Evolution: Bringing Life Back into Economics*

Richard W. England, Editor. *Evolutionary Concepts in Contemporary Economics*

W. Brian Arthur. *Increasing Returns and Path Dependence in the Economy*

Janet Tai Landa. *Trust, Ethnicity, and Identity: Beyond the New Institutional Economics of Ethnic Trading Networks, Contract Law, and Gift-Exchange*

Mark Irving Lichbach. *The Rebel's Dilemma*

Karl-Dieter Opp, Peter Voss, and Christiane Gern. *Origins of a Spontaneous Revolution: East Germany, 1989*

Mark Irving Lichbach. *The Cooperator's Dilemma*

Richard A. Easterlin. *Growth Triumphant: The Twenty-first Century in Historical Perspective*

Daniel B. Klein, Editor. *Reputation: Studies in the Voluntary Elicitation of Good Conduct*

Eirik G. Furubotn and Rudolf Richter. *Institutions and Economic Theory: The Contribution of the New Institutional Economics*

Lee J. Alston, Gary D. Libecap, and Bernardo Mueller. *Titles, Conflict, and Land Use: The Development of Property Rights and Land Reform on the Brazilian Amazon Frontier*

Rosemary L. Hopcroft. *Regions, Institutions, and Agrarian Change in European History*

E. L. Jones. *Growth Recurring: Economic Change in World History*

Julian L. Simon. *The Great Breakthrough and Its Cause*

David George. *Preference Pollution: How Markets Create the Desires We Dislike*

Alexander J. Field. *Altruistically Inclined? The Behavioral Sciences, Evolutionary Theory, and the Origins of Reciprocity*

David T. Beito, Peter Gordon, and Alexander Tabarrok, Editors. *The Voluntary City: Choice, Community, and Civil Society*

Randall G. Holcombe. *From Liberty to Democracy: The Transformation of American Government*

Omar Azfar and Charles Cadwell, Editors. *Market-Augmenting Government: The Institutional Foundations For Prosperity*

Stephen Knack, Editor. *Democracy, Governance, and Growth*

Phillip J. Nelson and Kenneth V. Greene. *Signaling Goodness: Social Rules and Public Choice*

# **Signaling Goodness**

Social Rules and Public Choice

*Phillip J. Nelson and Kenneth V. Greene*

The University of Michigan Press  
*Ann Arbor*

Copyright © by the University of Michigan 2003  
All rights reserved  
Published in the United States of America by  
The University of Michigan Press  
Manufactured in the United States of America  
⊗ Printed on acid-free paper

2006 2005 2004 2003 4 3 2 1

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, or otherwise, without the written permission of the publisher.

*A CIP catalog record for this book is available from the British Library.*

Library of Congress Cataloging-in-Publication Data

Nelson, Phillip J., 1929–

Signaling goodness : social rules and public choice / Phillip J.

Nelson and Kenneth V. Greene.

p. cm. — (Economics, cognition, and society)

Includes bibliographical references.

ISBN 0-472-11347-X (alk. paper)

1. Charities. 2. Altruism. 3. Social norms. 4. Social perception. 5. Political sociology. 6. Public interest.

I. Greene, Kenneth V. II. Title. III. Series.

HV31 .N45 2003

361.2'5—dc21

2003005038

# Contents

CHAPTER 1.	Overview	I
CHAPTER 2.	Charity and Evolution	II
CHAPTER 3.	Charity and Reciprocity	28
CHAPTER 4.	Political Charity	58
CHAPTER 5.	Political Positions and Imitative Behavior	72
CHAPTER 6.	Goodness	98
CHAPTER 7.	Activism	121
CHAPTER 8.	A Study of Political Positions	133
CHAPTER 9.	The Growth of Government	167
CHAPTER 10.	Environmental Policy	179
	Summation	199
	Appendix 1	203
	Appendix 2	207
	Appendix 3	211
	Notes	213
	Glossary	237
	References	241
	Index	253