

Social Preferences, Public Good Provision, Social Capital and Positional Concerns: Empirical Evidence from the South Caucasus

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Abstract

This paper aims to study the impact of positional concerns on an understudied set of policy-relevant variables: social preferences, public good provision, and social capital. We utilize data from the “Caucasus Barometer” survey administered in three post-Soviet transition economies: Armenia, Azerbaijan, and Georgia. Controlling for absolute income and other individual and household characteristics, we find that the relative deprivation of a household has negative impacts on its members’ social preferences, public good provision, and social capital. In contrast, relative advantage has only positive influences on the variables of interest (if any).

JEL Classifications: D60; D63; P30; Z13.

Keywords: Positional Concern; Social Capital; Social Preferences; Public Good; Reference Group.

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