

“Cognitive Consequences of Insecure National Belonging”

Prof. Dr. Ritwik Banerjee (IIM Bangalore)

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Ethnonationalist governments frequently adopt policies that challenge the status of ethnic minorities as equal members of the nation. We propose that such policies – even when purely symbolic – have tangible consequences for the groups they target through a previously understudied psychological channel. Exposure to exclusionary policies may reduce the cognitive bandwidth of individuals belonging to marginalized groups, leading to worse economic decisions. We test this hypothesis in India, where the party in power promotes a nationalist ideology that favours Hindus over Muslims. In a field experiment involving close to 2,000 workers performing data entry and information processing tasks, we randomize exposure to factual social media content referencing either symbolic or material exclusionary policies. Workers then chose between two types of payment contracts. We find that exposure to exclusionary policies reduces productivity and significantly increases the likelihood of selecting an economically suboptimal (‘wrong’) contract. These findings highlight how exclusionary policies can impact economic decision-making, exacerbating economic marginalization through cognitive channels.