

Culture and Economic Development

Syllabus

Avner Seror

Course's objective

Across several subfields, economists recently began to analyze the complex and multifaceted influences of culture on economic development. This course will provide an introduction to the work being done in this nascent field of scholarship.

Outline

Lecture 1: Conceptualizing Cultural Transmission

From Evolutionary Biology to Economics – The Economics of Cultural Evolution – Applications

Lecture 2: Long-term Persistence

Introduction to the (very) long term effect of Culture on Growth – Application 1: Civic Culture – Application 2: Trust Norms

Lecture 3: On the Joint Evolution of Culture and Institutions

Institutions in Economics – Joint Evolution of Culture and Institutions – Application: the Long Divergence between the West and the Muslim World

Session 1 - Conceptualizing Cultural Transmission

After a brief overview of the works in evolutionary biology on cultural evolution (e.g. Boyd and Richardson 1981), we will discuss how economists extended them to study cultural transmission and the persistence of cultural values (Bisin and Verdier 2001). We will then discuss several theoretical case studies on the relationship between cultural transmission and development outcomes (e.g., the persistence of a crime culture, racist norms and inequalities, gender norms and the gender gap, religious culture and growth or civic values and growth). Depending on time constraints, we might as well approach several other mechanisms of cultural evolution in the economic literature.

Sessions 2 - Long-term Persistence: a growing field of research

In this session, we will turn to the empirical literature and give an overview of the literature on the long-term persistence of cultural values and how it is affecting development outcomes over the long (or very long) run. We will try to both study the “seminal” works in this nascent field and give some intuitions of the existing empirical designs and empirical challenges. We might start with Guiso et al. 2016 on the long-term persistence of the civic culture acquired in Italian free cities and how it is affecting contemporary development outcomes in Italy. We will then describe several other key studies in this field of research (reviewed by Giuliano and Nunn 2021), e.g., Algan and Cahuc 2011 on trust norms and growth or Nunn and Wantchekon 2011 on the culture of trust in Africa.

Session 3 - On the Joint Evolution of Culture and Institutions

In this last session, we will approach one of the main limitations of the subfields studied in our two first sessions - that culture evolves in tandem with institutions. By focussing on the long-term persistence of cultural values, we do not capture several important mechanisms through which culture transforms society and affects development outcomes. First, we will start by briefly introducing how institutions have been conceptualized in the economic literature, starting from the seminal works of North 1990 and Greif 2006. We will then describe how trust and economic exchange can be sustained through formal institutions, as first formalized by Greif 1993. We will then turn to more recent approaches that study the joint evolution of institutions and culture, e.g. Bisin and Verdier 2017 & Acemoglu and Robinson 2019, and how it has been applied to study the long-term development trajectory of societies. We will in particular study the case of the “Long Divergence” between the West and the Muslim World in terms of development (Kuran 2012) and how this might be explained by the joint evolution of culture and institutions (Bisin et al. 2021).

Grading:

Based on their reading of the articles in the topic of your choosing (see below), you will have to complete the following assignments. You can complete the assignment alone or by pairs:

Write a detailed research idea based on your reading of the five articles in the topic of your choosing listed below (at least 2 pages, can be a lot more).

- a. If you choose an empirical idea, it is expected of you to suggest a *feasible empirical strategy* given data availability, to discuss the empirical issues involved in your idea and to suggest several directions on how to address them.
- b. If you choose a theoretical idea, it is expected of you to write a simple model that illustrates the main moving parts of your idea.

Preliminary references. Stars indicate compulsory readings.

Lecture 1:

Alesina, Alberto, and Paola Giuliano. 2015. "Culture and Institutions." *Journal of Economic Literature*, 53 (4): 898-944.**

Bisin, Alberto and Verdier, Thierry, 2011, Chapter 9 - The Economics of Cultural Transmission and Socialization, *Handbook of Social Economics Volume 1*, 2011, Pages 339-416 **

Bisin and Verdier (2001), *The Economics of Cultural Transmission and the Dynamics of Preferences*, JET

Bisin, Alberto, Patacchini, Eleonora, Verdier, Thierry and Zenou, Yves, (2011), *Formation and persistence of oppositional identities*, *European Economic Review*, 55, issue 8, p. 1046-1071.

Bowles, Gintis, 2013, *A Cooperative Species: Human Reciprocity and Its Evolution*

Boyd, Robert, and Peter Richerson (1985): *Culture and the Evolutionary Process*, Chicago, IL, University of Chicago Press

Boyd, R., Richerson, P.J. *Cultural transmission and the evolution of cooperative behavior*. *Hum Ecol* 10, 325–351 (1982).

GREIF, A. and TADELIS, S. (2010), "A Theory of Moral Persistence: Crypto-Morality and Political Legitimacy", *Journal of Comparative Economics*, 38, 229–244.

Güth, Werner, and Hartmut Kliemt. "THE INDIRECT EVOLUTIONARY APPROACH:: BRIDGING THE GAP BETWEEN RATIONALITY AND ADAPTATION." *Rationality and Society* 10, no. 3 (August 1998): 377–99.

Hauk, Esther and Saez-Marti, Maria, (2002), *On the Cultural Transmission of Corruption*, *Journal of Economic Theory*, 107, issue 2, p. 311-335,

Tabellini, G. (2008). *The Scope of Cooperation: Values and Incentives*. *The Quarterly Journal of Economics*, 123(3), 905-950.

Lecture 2:

Giuliano P, Nunn N. Understanding Cultural Persistence and Change. Review of Economic Studies. 2021; 88 (4) : 1541-1581. **

Alberto Alesina, Paola Giuliano, Nathan Nunn, On the Origins of Gender Roles: Women and the Plough , The Quarterly Journal of Economics, Volume 128, Issue 2, May 2013, Pages 469–530 **

Algan, Yann, and Pierre Cahuc. (2010). "Inherited Trust and Growth." American Economic Review, 100 (5): 2060-92.

BUGGLE, J. and DURANTE, R. (2016), "Climate Risk, Cooperation and the Co-Evolution of Culture and Institutions", 2016 (Mimeo, Science Po).

FERNANDEZ, R. (2007), "Women, Work and Culture", Journal of the European Economic Association, 5, 305–332.

Fernandez R. AND FOGLI, A. (2009), "Culture: An Empirical Investigation of Beliefs, Work, and Fertility", American Economic Journal: Macroeconomics, 1, 146–177

Nico Voigtländer, Hans-Joachim Voth, Persecution Perpetuated: The Medieval Origins of Anti-Semitic Violence in Nazi Germany*, The Quarterly Journal of Economics, Volume 127, Issue 3, August 2012, Pages 1339–1392,

Guiso, Luigi & Sapienza, Paola & Zingales, Luigi. (2016). Long-term persistence. Journal of the European Economic Association.

Nunn N, Wantchekon L. (2011) The Slave Trade and the Origins of Mistrust in Africa. American Economic Review; 101 (7) : 3221-3252.

Tabellini, G. (2010). CULTURE AND INSTITUTIONS: ECONOMIC DEVELOPMENT IN THE REGIONS OF EUROPE. Journal of the European Economic Association, 8(4), 677-716.

FRANCOIS, P. and ZABOJNIK, J. (2005), "Trust, Social Capital, and Economic Development", Journal of the European Economic Association, 3, 51–94

Felipe Valencia Caicedo, The Mission: Human Capital Transmission, Economic Persistence, and Culture in South America, The Quarterly Journal of Economics, Volume 134, Issue 1, February 2019, Pages 507–556

Lecture 3:

North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press **

Samuel Bowles, *Endogenous Preferences: The Cultural Consequences of Markets and Other Economic Institutions*. *Journal of Economic Literature* 36 (1998): 75-111.**

Acemoglu, Daron and Robinson, James (2019), *The Narrow Corridor. States, Societies, and the Fate of Liberty*, Penguin Publishers, New York. 576 pages

Bisin, Alberto and Rubin, Jared and Seror, Avner and Verdier, Thierry, *Culture, Institutions & the Long Divergence* (2021). CESifo Working Paper No. 8900, Available at SSRN: <https://ssrn.com/abstract=3791869>

Greif, Avner (1993). "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *The American Economic Review*, vol. 83, no. 3, 1993, pp. 525–548.

Greif, Avner (2006), *Institutions and the Path to the Modern Economy. Lessons from Medieval Trade*, Cambridge, Cambridge UP

Kuran, Timur (2010) *The Long Divergence. How Islamic Law Held Back the Middle East*, Princeton University Press

Sara Lowes & Nathan Nunn & James A. Robinson & Jonathan L. Weigel, 2017. "The Evolution of Culture and Institutions: Evidence From the Kuba Kingdom," *Econometrica*, Econometric Society, vol. 85, pages 1065-1091, July.

Topics for the assignment:

Topic 1: Trust

Algan, Yann, and Pierre Cahuc, "Inherited Trust and Growth," *American Economic Review*, Vol. 100, No. 5 (2010), pp: 2060-92.

Nunn N, Wantchekon L. (2011) *The Slave Trade and the Origins of Mistrust in Africa*. *American Economic Review*; 101 (7) : 3221-3252.

Tabellini, G. (2008). *The Scope of Cooperation: Values and Incentives*. *The Quarterly Journal of Economics*, 123(3), 905-950.

Greif, Avner (1993). "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *The American Economic Review*, vol. 83, no. 3, 1993, pp. 525–548.

Topic 2: Crime and Corruption

Daron Acemoglu, Matthew O. Jackson, Social Norms and the Enforcement of Laws, Journal of the European Economic Association, Volume 15, Issue 2, April 2017, Pages 245–295,

Bezin, E., Verdier, T. and Y. Zenou (2021), "Crime, Broken Families, and Punishment." Appendix. American Economic Journal: Microeconomics, forthcoming.

Fisman, Raymond, and Edward Miguel. "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets." Journal of Political Economy, vol. 115, no. 6, 2007, pp. 1020–1048.

Abeler, Johannes & Nosenzo, Daniele & Raymond, Collin. (2019). Preferences for Truth-Telling. Econometrica

Topic 3: Culture and Institutions

Alberto Bisin & Thierry Verdier, 2017. "On the Joint Evolution of Culture and Institutions," Working Papers 2017-039, Human Capital and Economic Opportunity Working Group.

Bisin, Alberto and Rubin, Jared and Seror, Avner and Verdier, Thierry, Culture, Institutions & the Long Divergence (2021).

Sara Lowes & Nathan Nunn & James A. Robinson & Jonathan L. Weigel, 2017. "The Evolution of Culture and Institutions: Evidence From the Kuba Kingdom," Econometrica, Econometric Society, vol. 85, pages 1065-1091, July.

Persson, Torsten & Tabellini, Guido, 2020. "Culture, Institutions and Policy," CEPR Discussion Papers 15233, C.E.P.R. Discussion Papers.

Topic 4: Cultural Leaders

Eric Chaney, 2013. "Revolt on the Nile: Economic Shocks, Religion, and Political Power," Econometrica, Econometric Society, vol. 81(5), pages 2033-2053, September.

Jones, Benjamin & Olken, BA. (2005). Do leaders matter? National leadership and growth since World War II. Quarterly Journal of Economics. 120. 835-864. 10.1093/qje/120.3.835.

Sultan Mehmood & Avner Seror, 2021. "Religious Leaders and Rule Of Law," Working Papers w0280, New Economic School (NES).

Prummer, Anja & Siedlarek, Jan-Peter. (2017). Community leaders and the preservation of cultural traits. Journal of Economic Theory. 168.

Verdier, Thierry and Zenou, Yves, (2015), The role of cultural leaders in the transmission of preferences, *Economics Letters*, 136, issue C, p. 158-161.

Topic 5: Gender Roles

Alberto Alesina, Paola Giuliano, Nathan Nunn, On the Origins of Gender Roles: Women and the Plough , *The Quarterly Journal of Economics*, Volume 128, Issue 2, May 2013, Pages 469–530,

Coffman, Katherine Baldiga. 2014. "Evidence on Self-Stereotyping and the Contribution of Ideas." *The Quarterly Journal of Economics* 129(4):1625–1660.

FERNANDEZ, R. (2007), "Women, Work and Culture", *Journal of the European Economic Association*, 5, 305–332.

Fernandez R. AND FOGLI, A. (2009), "Culture: An Empirical Investigation of Beliefs, Work, and Fertility", *American Economic Journal: Macroeconomics*, 1, 146–177

Seror Avner, 2021 Social Roles, AMSE Working Papers