

Introduction to Economic Growth: Why are some countries poorer than others?

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Lecture 6: Culture and Growth

What do we mean by 'culture'?

One way of looking at culture in economics, that is useful for our purposes (trying to understand the role of culture in development and well-being), is given in Guiso, Sapienza, and Zingales (2006):

"... we define culture as those customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation"

Add to this the view from famous economist Gary Becker (1996):

"Individuals have less control over their culture than over other social capital. They cannot alter their ethnicity, race or family history, and only with difficulty can they change their country or religion. Because of the difficulty of changing culture and its low depreciation rate, culture is largely a 'given' to individuals throughout their lifetimes"

What do we mean by 'culture'?

Another way of looking at culture does not rely on such strong assumptions about persistence. For example, the 'beliefs' component of culture allows for a faster change:

- If the economic environment in which a person lives changes (for example, there are more opportunities for trade, and/or people are more trustworthy than before)
- Then this person may change their 'beliefs' about whether trusting others is a good idea (because it's hard to trade with strangers w/o putting some trust in them)
- This may increase this person's 'beliefs' about trust, which is an important component of culture

To what extent is culture persistent? And how much does it change, and what drives this change? This will be a separate topic today.

How do we measure culture?

There are three main ways, and several more recent novel ideas:

- Most common: via surveys (like World Values Survey)
- The so-called 2nd-generation immigrants analysis: assuming that culture is ingrained in our group identities (ethnicity, nationality, religion, etc.), we look at how second-generation immigrants from various countries and groups behave when found in the same host country
- 'Field' or 'lab' experiments: these are usually 'games' played with experiment participants, that are used to elicit certain values and beliefs

Example of a 'trust game' and 'civic culture' experiment

More recent sources of data on culture comes from:

- social media (e.g., group membership and 'likes' on Facebook)
- text analysis (e.g., analysing large amounts of congressional speeches, one can measure attitudes of politicians)

Three big questions that this lecture will help to answer

Question 1 What kinds of cultural traits are conducive for growth and prosperity? How does culture shape incentives and contribute to growth?

Question 2 How persistent are cultural traits? How do they change over time?

Question 3 What comes first: pro-growth culture or pro-growth institutions? What is the interplay between the two?

The contribution of Robert Putnam



Figure 1: Robert Putnam

Robert Putnam (born 1941) is an American political scientist, who is often credited for making the research on 'social capital' and culture a key part in economic development, political economy and related fields.

Robert Putnam's et al. "Making Democracy Work" (1993)

Putnam et al. (1993) studied the impact of a major political reform in Italy in 1975:

- political power was shifted from the central government to local regional governments
- In particular, in education and healthcare. About a third of total budget was managed locally
- How should the same reform affect different regions?
- It turned out that regions in the North experienced an improvement in governance, while in the South - not at all. Why is that?

Putnam's thesis was about the role of culture: the culture of trust, political engagement, and 'horizontal' networks in the North vs. low trust and engagement, 'vertical' networks in the South

Robert Putnam's et al. "Making Democracy Work" (1993)

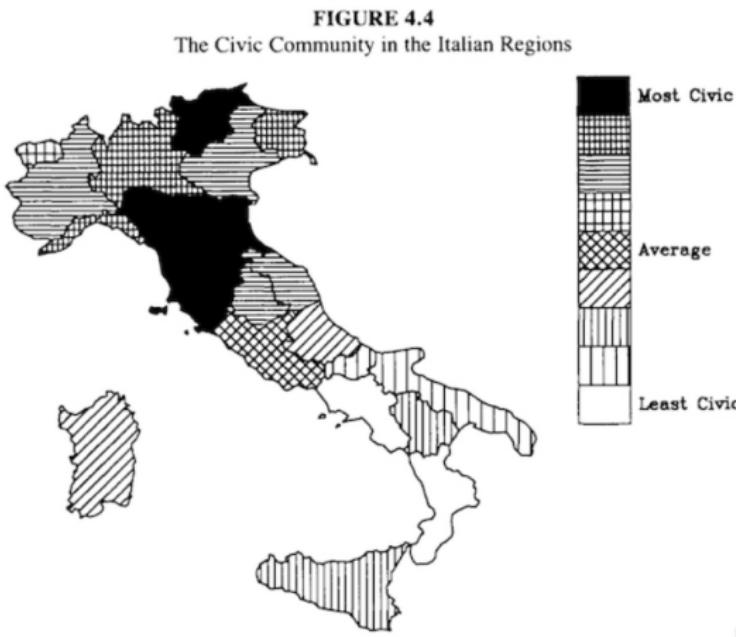


Figure 2: The distribution of 'civic capital' across Italian regions. Source: Putnam et al. (1993).

Robert Putnam's et al. "Making Democracy Work" (1993)

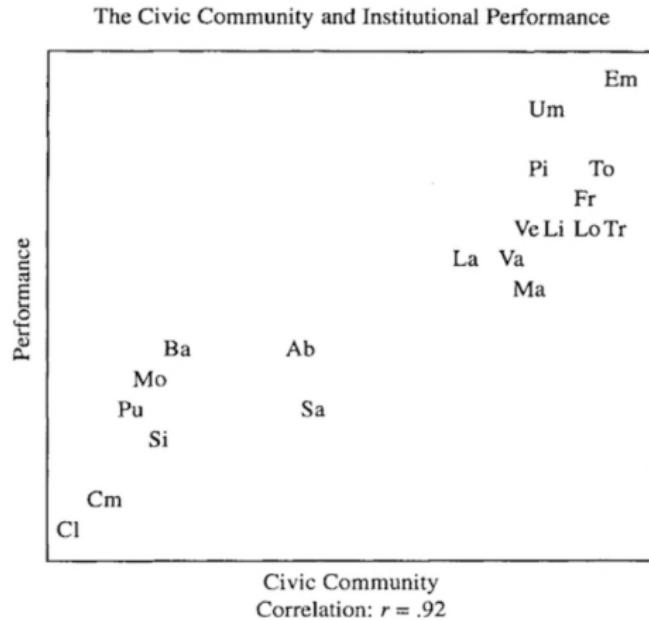


Figure 3: 'Civic capital' and institutional performance across Italian regions.
Source: Putnam et al. (1993).

Robert Putnam's et al. "Making Democracy Work" (1993)



Sources: *The Times Atlas of World History*, 3rd edition, eds. Geoffrey Barraclough and Norman Stone (London: Times Books, 1989), p. 124; J. K. Hyde, *Society and Politics in Medieval Italy: The Evolution of the Civil Life, 1000-1350* (London: Macmillan, 1973), Map 4; and John Lamer, *Italy in the Age of Dante and Petrarch: 1216-1380* (New York: Longman, 1980), pp. 137-150.

Figure 4: Historical experience of communal (free) states vs. monarchies. Source: Putnam et al. (1993).

Robert Putnam's et al. "Making Democracy Work" (1993)

"In north-central Italy, ... the medieval traditions of collaboration persisted, even among poor peasants. A significant network of social and economic obligations, particularly in the countryside, is formed by the recognition of neighborhoodship. Between vicini [neighbors] there is continuous mutual aid and exchange of services."

Contrast this to:

"in Calabria, a desolate land locked in the southern traditions of authoritarian rule (and destined to rank as the least civic of all the regions in the 1970s), there were no associations, no mutual aid; everything is isolation. Society is held up by the natural civil and religious bonds alone; but of economic bonds there is nothing, no solidarity between families or between individuals or between them and the government."

Robert Putnam's et al. "Making Democracy Work" (1993)

"The primeval mistrust that rent the social fabric in these regions was, in fact, captured in innumerable proverbs:

- "Damned is he who trusts another."
- "Don't make loans, don't give gifts, don't do good, for it will turn out bad for you."
- "Everyone thinks of his own good and cheats his companion."
- "When you see the house of your neighbor on fire, carry water to your own."

In the Mezzogiorno, above all, observed Pasquale Villari in 1883, "One feels too much the I and too little the 'we'."

The combination of impoverishment and mutual distrust forestalled horizontal solidarity and fostered what Banfield has called "amoral familism."

Today's lecture

- ① Culture and growth: basic channels
 - Social Capital
 - Trust
 - Individualism vs. collectivism
 - Family ties and 'generalized morality'
- ② Cultural persistence and change
 - Persistence of culture
 - Cultural change
- ③ The interaction of culture and institutions
 - Does culture affect institutions?
 - Do institutions affect culture?

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What is social capital?

Social capital is one of the most general concepts of culture that matters for growth and development. It often revolves around an idea of 'social ties' and cooperation that are in turn based on:

- Level of interpersonal trust in a society
- Civic culture ('social responsibility'), people's justification of
 - cheating on taxes or fares on public transport
 - bribes
 - claiming benefits that one is not entitled to, etc.

Using behaviors: blood donations, participation in voting, etc.

- Membership in various organizations:
 - community support and engagement
 - leisure (cultural, music, arts, sports groups)
 - professional associations, etc.

Early results on social capital and growth across countries

Early test of the importance of various dimensions of social capital is done by Knack and Keefer (1997):

- Use cross-country data from the World Values Survey (WVS) on trust, civic culture
- Find support for the Putnam's thesis that trust and civic culture matter for growth (and are positively correlated themselves)
- The measure of group membership ('networks') that they use is not correlated with development... (but the authors could not measure activity of these group members)

Early correlations from Knack and Keefer (1997)

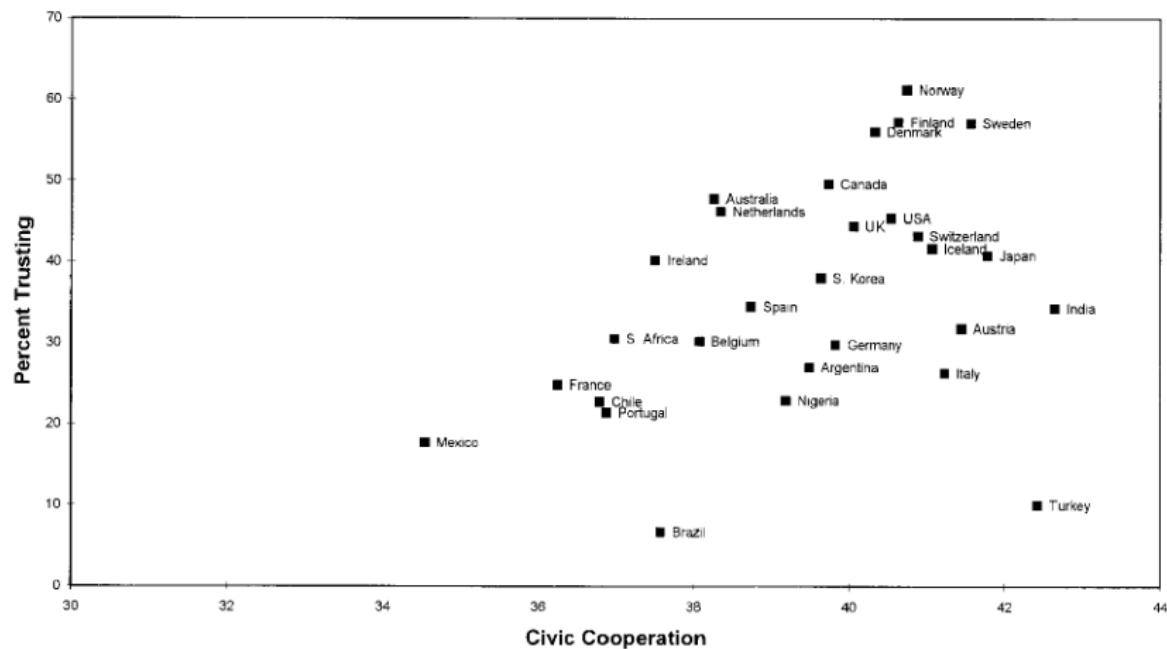


Figure 5: Interpersonal trust and Civic Culture. Source: Knack and Keefer (1997).

Early correlations from Knack and Keefer (1997)

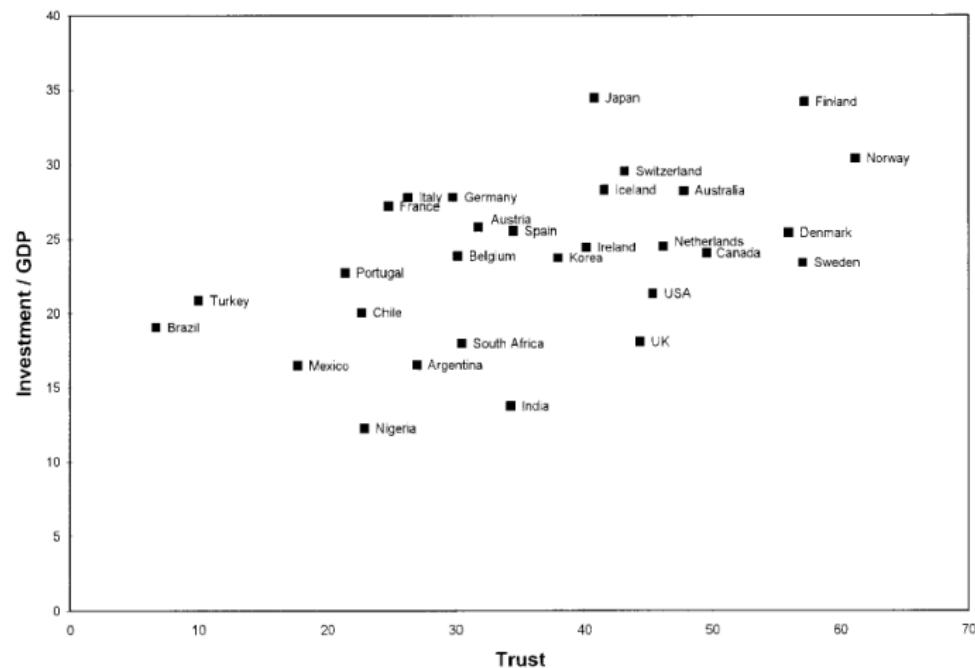


Figure 6: Interpersonal trust and Investment share in GDP. Source: Knack and Keefer (1997).

Later analysis by Beugelsdijk and van Schaik (2005) across regions of Europe

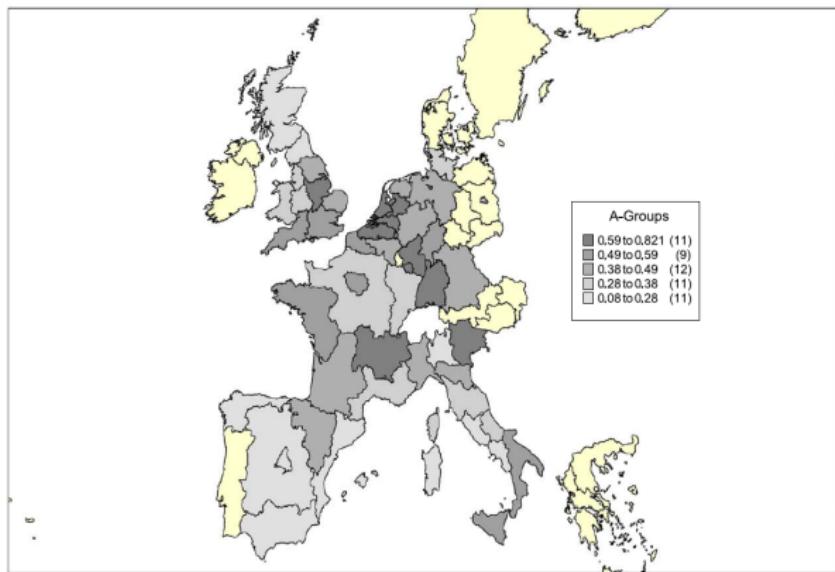


Fig. 6. Regional scores on active group membership in Europe.

Figure 7: Subnational levels of active group membership. Source: Beugelsdijk and van Schaik (2005).

Types of social capital

'Bridging' social capital:

- High degree of connectivity across social groups, classes, and organizations
- Not necessarily strong ties within groups

'Bonding' social capital:

- High degree of connectivity within own groups
- But low connectivity to other groups, organization, etc.

The evidence suggests that 'bridging' social capital is often beneficial for growth

Bonding vs. bridging types of networks

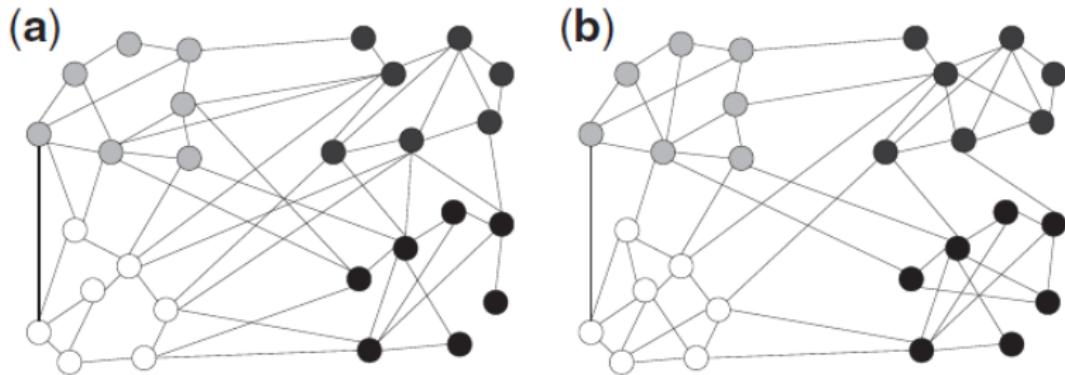


FIGURE I

Figure 8: More bridging (a) and more bonding (b) types of networks. Source: Jackson and Golub (2014).

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Measuring trust

The most common ways of measuring trust are

- Asking in a survey: "Generally speaking, would you say that most people can be trusted or that you can't be too careful when dealing with others?"
- Via experimental games (as we saw before, or similar)
- There are other 'types' of trust:
 - trust in government institutions (such as police, courts, parliament, etc.)
 - trust in specific groups of people (foreigners, family, neighbors, adherents of different religions)

Why is higher interpersonal trust good for growth?

- Interpersonal trust facilitates social and business contracts and cooperation:
 - Investment (need to trust that people are not cheating on you, and that your investment won't be expropriated)
 - Trade (need to have confidence in the quality of goods that is often unobserved to the buyer)
 - Productive cooperation w/o the need for external enforcement
- Specific types of trust:
 - trust in government institutions can increase the use of police, courts, and other institutions, make them more efficient
 - think about COVID and low vaccination rates where people do not trust government messages about the need to vaccinate
 - trust in strangers and foreigners: important for the exchange of ideas, migration, and trade

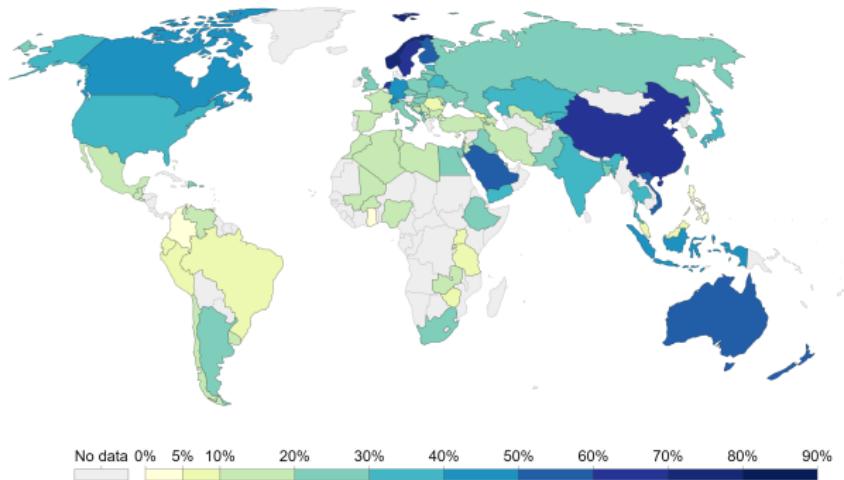
Distribution of interpersonal trust across the world

Share of people agreeing with the statement "most people can be trusted", 2014

Our World
in Data

The survey question was "Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?"

Possible answers were "Most people can be trusted", "Don't know" and "Can't be too careful".



Source: Trust (World Values Survey (2014))

OurWorldInData.org/trust • CC BY

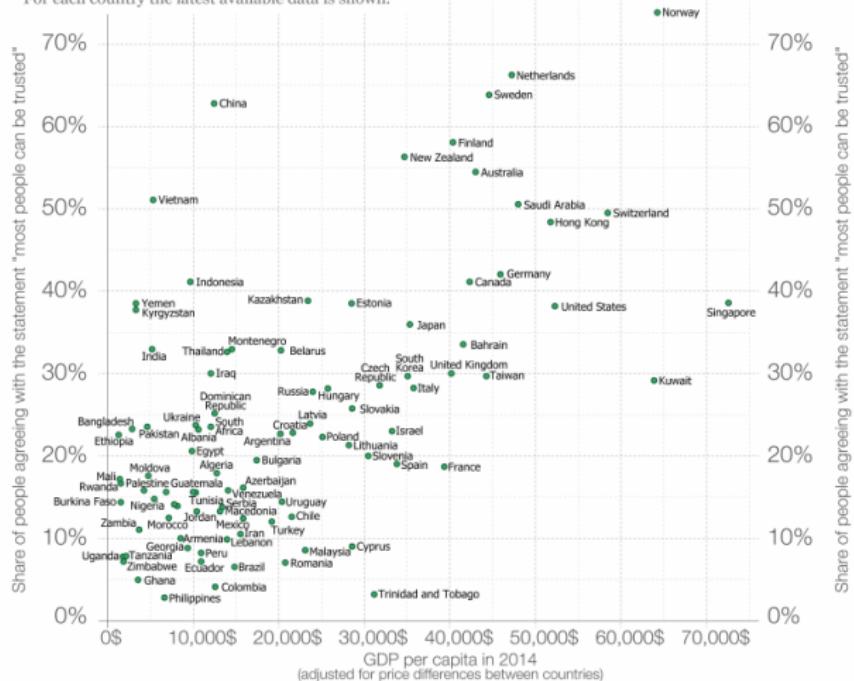
Figure 9: Interpersonal trust across the world. Source: World Values Survey; posted at ourworldindata.org

Correlations between trust and growth



Country by country: Trust vs. GDP per capita

Shown is the share of people agreeing with the statement "most people can be trusted".
For each country the latest available data is shown.



Data source: World Value Survey for data on trust and Penn World Table for data on GDP per capita
This visualization is available at OurWorldInData.org. There you find the raw data and more visualizations on this topic.

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by the author Max Roser.

Causal effects of trust on growth: Algan and Cahuc (2010)

Algan and Cahuc (2010) use a clever strategy to identify the causal effect of trust on growth:

Namely, they measure trust of 2nd-generation immigrants whose parents arrived from various countries in various years

- They assume that levels of trust of these 2nd-gen. immigrants reflect trust prevalent in their countries of origin at the moment of their parents' immigration
- They calculate changes in 'inherited trust' over long periods of time for each country of origin

Finally, they estimate how a change in 'inherited trust' from period T to period T+1 has affected growth in subsequent periods (from T+1 to T+2, etc.)

Causal effects of trust on growth: Algan and Cahuc (2010)

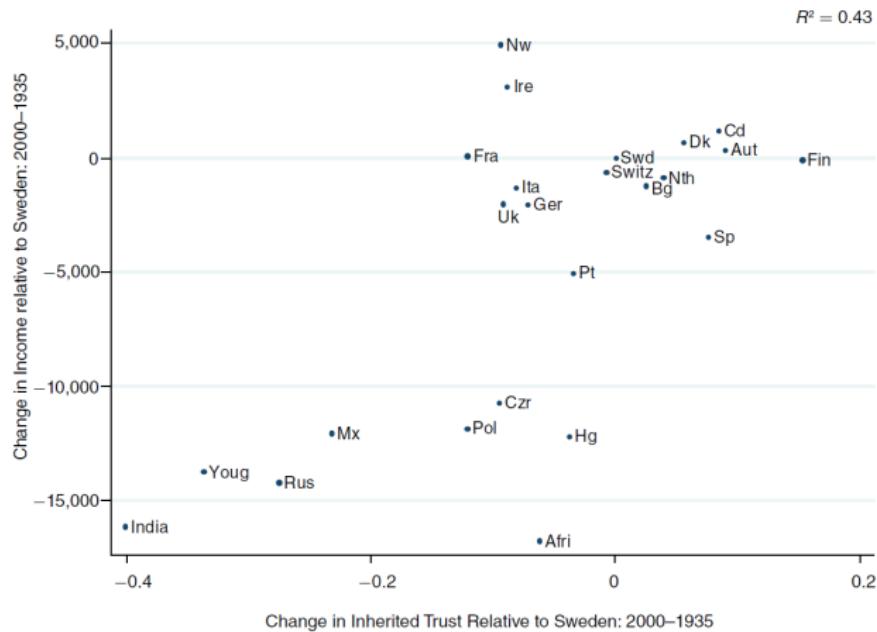


Figure 11: 'Inherited trust' and GDP per capita growth (all relative to Sweden).
Source: Algan and Cahuc (2010).

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What is individualism? And what is collectivism?

- Individualism is often measured as an extent to which people mostly see themselves as self-sufficient 'individuals'.
- While collectivism is measured as the opposite: an extent to which people see themselves and act predominantly as members of stable, lifelong groups and organizations

A nice metaphor (at geerthofstede.com): "people in an individualistic society are more like atoms flying around in a gas while those in collectivist societies are more like atoms fixed in a crystal"

Individualism across the world: data from Hofstede

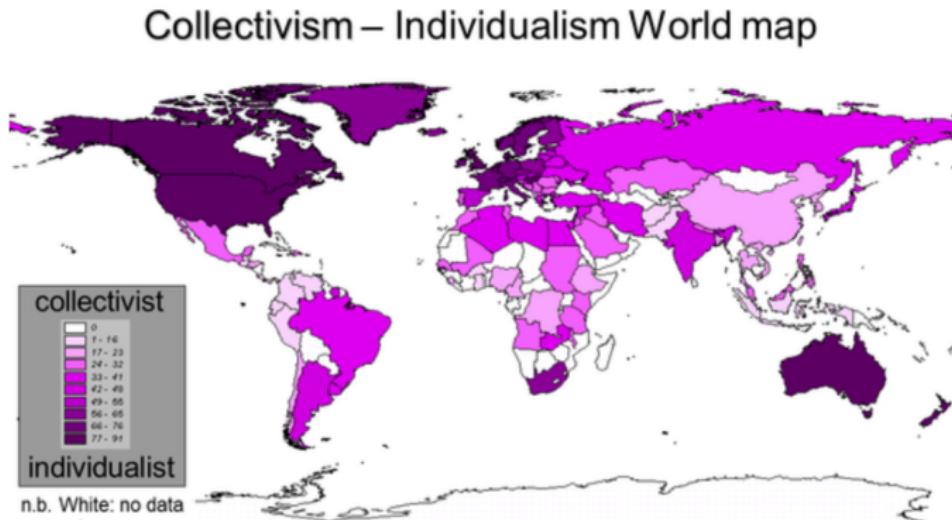


Figure 12: The distribution of individualism vs. collectivism across the world.
Source: geerhofstede.com

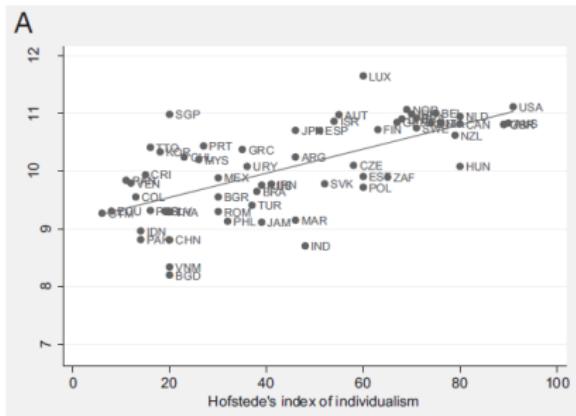
Individualism vs. collectivism: why would it matter for growth?

Main benefits that more individualistic societies enjoy come from the emphasis on individual freedom and achievements:

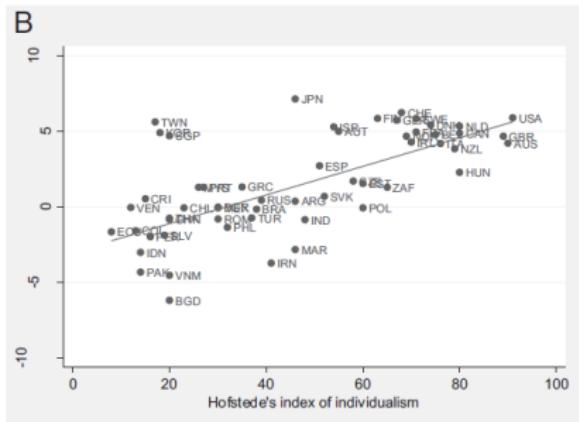
- individualism awards status to those who achieve more (in contrast to collectivistic societies, where such social status gains are lower)
- this brings additional incentives to pursue goals such as innovations, entrepreneurship (and other goals that allow one to stand out)
- higher innovations, entrepreneurship, etc, lead to higher growth rates

The paper by Gorodnichenko and Roland (2011) is the most famous for documenting this idea

Gorodnichenko and Roland (2011): individualism and innovations



(a) Individualism and GDP per capita



(b) Individualism and patents per million people

Figure 13: Hofstede's measure of Individualism and long-run development.
Source: Gorodnichenko and Roland (2011).

Can collectivism be good for development?

It turns out, however, that collectivism can be good for development for other reasons:

- More collectivistic societies find it easier to internalize group interests
- This makes it easier to avoid conflicts, to coordinate on better outcomes
- However, the downside is often conformity, which discourages innovation and limits long-run development

Intuitively, the benefits of collectivism should dissipate as the economy develops and approaches the frontier.

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The strength of family ties

	Family importance	Respect and love parents	Parental duties	Family ties (princ. comp.)
Family importance	1.0000			
Respect and love parents	0.3446**	1.0000		
Parental duties	0.5518***	0.3495**	1.0000	
Family ties (princ. comp.)	0.7217**	0.7944***	0.7928***	1.0000

**significant at 5%.

***significant at 1%.

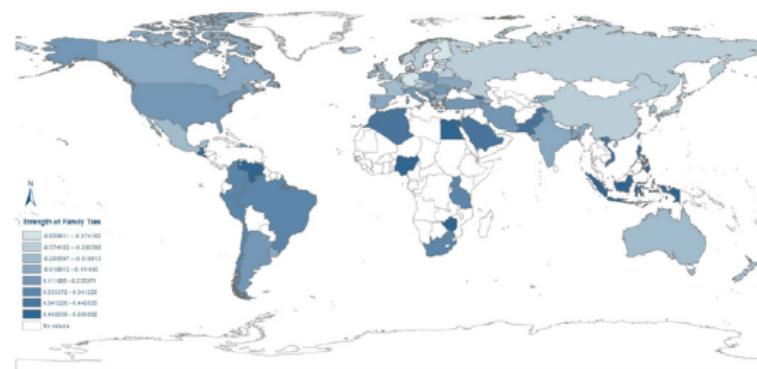


Figure 14: The distribution of family ties strength across the world. Source: Alesina and Giuliano (2014).

Why would family ties matter for development?

The main idea is very simple (follows Banfield and Putnam):

- People have a limited capacity and energy to form meaningful social ties
- More intense family ties ('bonding') often mean less participation in a broader society ('bridging')
- Incentives to form dense broader social networks will be lower
- Political participation will be limited
- Generalized trust will be lower, etc.

Family ties and income

Table 4.9 Family ties and regional income

	(1) Whole sample	(2) Whole sample	(3) Europe	(4) Africa	(5) Asia	(6) North America and Oceania	(7) South America
Family ties	-0.540*** (0.078)	-0.349*** (0.111)	-0.287** (0.127)	-1.383*** (0.398)	-0.498** (0.201)	-0.327 (0.408)	0.133 (0.444)
Country fixed effect	no	yes	yes	yes	yes	yes	yes
Observations	1,197	1,197	661	103	255	83	86
R-squared	0.047	0.526	0.466	0.691	0.482	0.731	0.354

Unit of analysis is a region in the World Value Survey. Coefficients are reported with robust standard errors in brackets.

*Indicates significance at the 10% level.

**Indicates significance at the 5% level.

***Indicates significance at the 1% level.

Figure 15: Family ties and income per capita. Source: Alesina and Giuliano (2014).

Family ties and trust

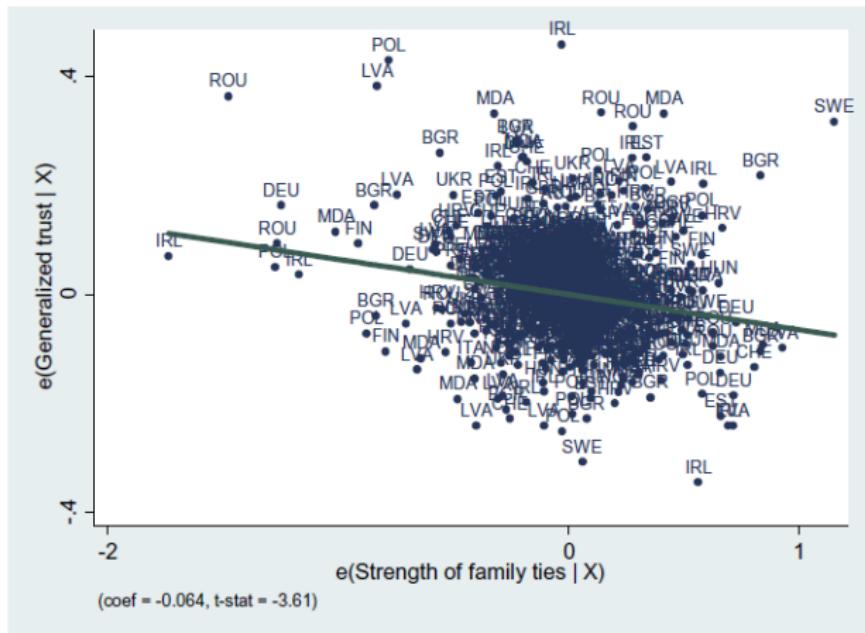


Figure 16: Family ties and trust across regions of Europe. Source: Alesina and Giuliano (2014).

Family trust and institutional strength

Table 4.10 Family ties and institutions

	(1) Control of corruption	(2) Government effectiveness	(3) Political stability	(4) Rule of law	(5) Regulatory quality	(6) Voice and accountability
Family ties	-1.729*** (0.308)	-1.575*** (0.266)	-1.576*** (0.212)	-1.595*** (0.281)	-1.199*** (0.239)	-1.428*** (0.239)
Observations	80	80	80	80	80	80
R-squared	0.288	0.292	0.374	0.291	0.230	0.288

Coefficients are reported with robust standard errors in brackets.

*Indicates significance at the 10% level.

**Indicates significance at the 5% level.

***Indicates significance at the 1% level.

Figure 17: Family ties and institutions across the world. Source: Alesina and Giuliano (2014).

Family ties and political participation

Table 4.4 Family ties and political participation

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Interest in politics	Discuss politics	Belong to political parties	Membership political party	Sign petition	Join in boycotts	Attend demonstrations	Join unofficial strikes	Occupy buildings
Family ties	-0.010*** (0.002)	-0.006*** (0.001)	-0.002*** (0.001)	-0.004** (0.002)	-0.029*** (0.002)	-0.046*** (0.002)	-0.036*** (0.002)	-0.041*** (0.002)	-0.026*** (0.001)

Figure 18: Family ties and political participation. Source: Alesina and Giuliano (2014).

Generalized morality

Generalized morality is an extent to which people are ready to extend cooperation beyond their immediate close circle (like family and friends).

- In a way, this is often the opposite of strong family ties
 - usually, when people are very attached to families, they are less trusting and less cooperative with a broader society
- Data on trust in strangers/foreigners/minorities, membership in diverse organization, etc. can be used to measure generalized morality

Correlations between cultural traits: evidence for clustering

TABLE 1
CORRELATIONS AMONG CULTURAL TRAITS

	Family ties	Generalized morality	Individualism	Trust	Work-luck
Family ties	1				
Generalized morality	-0.49***	1			
Individualism	-0.48***	0.60***	1		
Trust	-0.57***	0.83***	0.50***	1	
Work-luck	0.33***	-0.08	-0.24*	-0.02	1

Figure 19: Correlations among cultural traits. Source: Alesina and Giuliano (2014).

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Persistence of culture and long-run growth

If we believe that culture (broadly defined) is important for long-run growth, culture needs to be something relatively stable:

- To be a 'fundamental factor' behind savings, risk taking (such as innovations), and institutional performance, culture needs to cause all these phenomena
- In contrast, if culture can change overnight, how can it be a fundamental factor behind prosperity?

We will see that things are more complex than that. Culture can be both persistent (overall), with some of its components being more flexible and fast-changing

'Epidemiological approach': culture of immigrants

One way to assess whether cultural traits are persistent is using the 'epidemiological approach' (due to Raquel Fernandez (2006)). The main idea is that

- Oftentimes in contrast to markets and institutions, culture is portable (can travel, embodied in immigrants)
- We can look at descendants of immigrants to check if they inherit cultural traits from their countries of origin. Why?
- Transmission of culture within the family, from parents to children
- Parents often care about 'identity' of their children
- Children may socialize inside 'ethnic enclaves', not so much in broader social networks

Culture of 2-nd generation immigrants and culture of countries of origin

The first piece of evidence on cultural persistence comes from Raquel Fernandez (2007):

- To identify the persistence of culture, she looks at 2nd generation immigrants from various countries living in the US
- The author asks if norms of female labor force participation in the country of origin matter for 2nd generation immigrants from this country
- The result is a very strong extent of cultural persistence

Fernandez (2007): 2nd generation migrants retain work attitudes from their origin

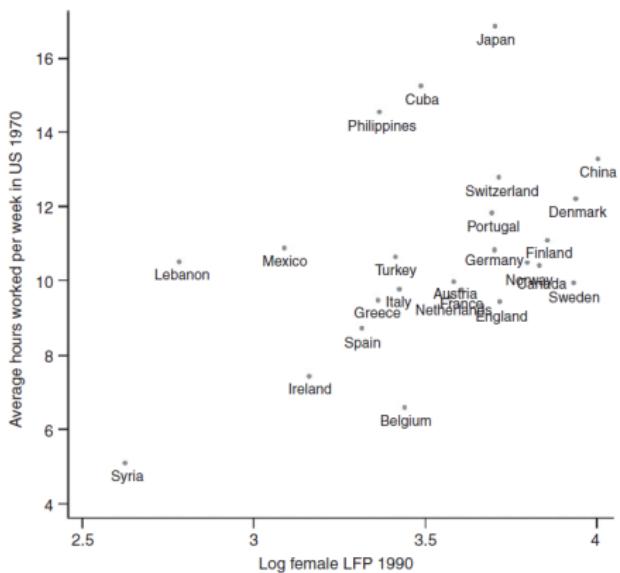


Figure 20: Female LFP in the country of origin and women LFP in the US by 2nd generation immigrants. Source: Fernandez (2007).

Giuliano (2007): 2nd generation migrants retain family ties attitudes

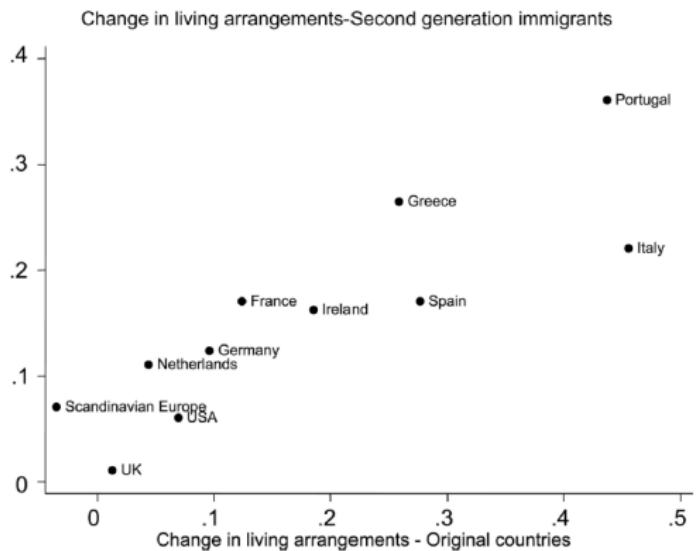


FIGURE 1. The change in the fraction of "stay-at-homes" (18 to 30 year olds). The correlation between immigrants and their European counterparts.

Figure 21: Change in the share of 'stay-at-homes' in the country of origin and among the 2nd generation immigrants in the US. Source: Giuliano (2007).

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Social environment and cultural change

People tend to socialize (develop their traits) not only within families, but also in the broader society

Hence, attitudes, norms, and beliefs tend to react to individual's environment:

- cultural norms prevalent in person's networks (school, workplace, sports teams, etc.)
- economic returns to various types of traits can affect the adoption of these traits
- institutions can push cultural traits in different direction compared to what family has taught

Evidence on the effects of neighborhoods

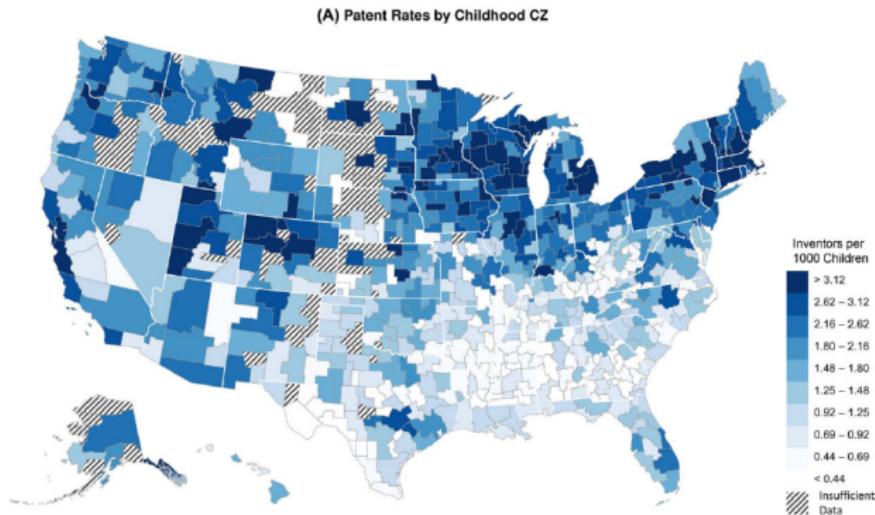


Figure 22: Patent rates by childhood Commuting Zone in the US. Source: Bell et al. (2019).

Evidence on the effects of neighborhoods

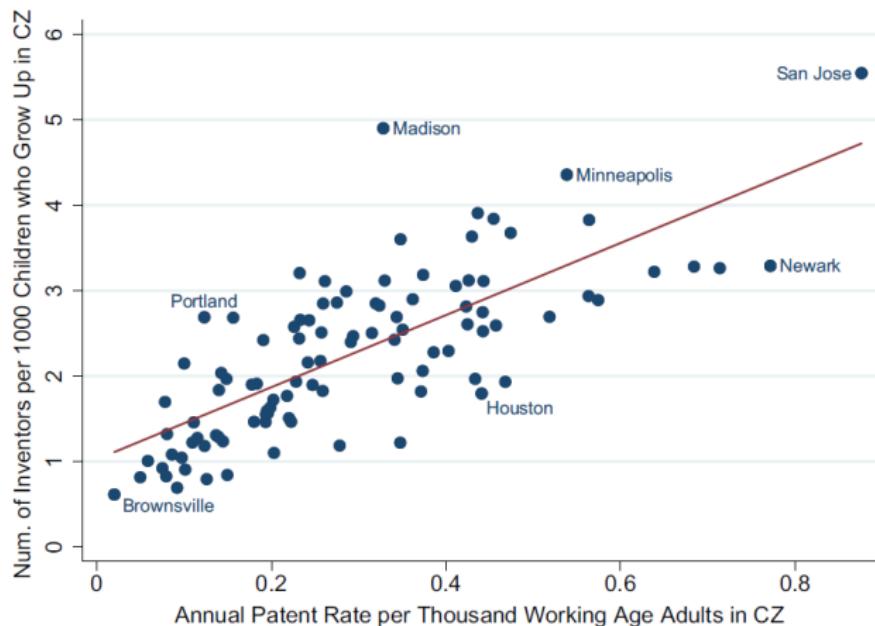


Figure 23: The more innovations around you in your childhood, the more likely to innovate yourself. Source: Bell et al. (2019).

More general evidence on the horizontal cultural change

Giavazzi et al. (2019) demonstrates how different components of culture converge to that in the US (some faster, some slower).

Values and beliefs that converge the fastest:

- trust and cooperation (because payoffs to these traits are most responsive to the environment)

Intermediate convergence:

- (i) gender roles and (ii) family ties

values and beliefs that converge slower:

- appropriate role of the government
- sexual and reproduction rights
- religious beliefs

More general evidence on the horizontal cultural change

		Gen 4 $\pi_{22.5}$	Gen 2 $\pi_{22.5}$	Δ
Group A—Cooperation	<i>trust</i>			
	<i>fair</i>	81%	33%	48%
	<i>helpful</i>			
Group B—Government	<i>eqwth</i>			
	<i>helppoor</i>	38%	43%	-5%
	<i>polviews</i>			
Group C—Religion	<i>attend</i>			
	<i>pray</i>			
	<i>reliten</i>	60%	46%	14%
	<i>postlife</i>			
	<i>prayer</i>			
Group D—Family	<i>thinksself</i>	67%	43%	24%
	<i>obey</i>			
	<i>pillok</i>			
	<i>aged</i>			
	<i>divlaw</i>			
	<i>socrel</i>			
Group E—Gender roles	<i>fechild</i>	64%	43%	21%
	<i>fepol</i>			
Group F—Abortion	<i>abany</i>	57%	50%	7%
	<i>abany</i>			
Group G—Sexual behavior	<i>premarsx</i>	43%	43%	0%
	<i>homosex</i>			
Group H—Mobility/success	<i>getahead</i>	57%	57%	0%

Figure 24: Extent of convergence of cultural traits, by trait and by generation.
 Source: Giavazzi et al. (2019).

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Why would culture affect institutions?

The main idea comes, again, from Putnam et al. (1993) who has shown how same institutions in Italy worked very differently:

- In the southern regions, with low trust, low civic engagement, few horizontal networking
- In the northern regions, with higher trust, higher civic engagement, more horizontal networking

The main idea is that institutions work better where people engage with and trust these institutions. For example:

- Effectiveness of laws is higher if people respect these laws and trust in the legal system
- Effectiveness of democracy will be higher if people hold politicians accountable (if people monitor public officials)

A list of results about culture affecting institutions

By today, a long list of evidence for how culture affects institutions has been formed:

- Todd (1990) has hypothesized and provided early (incomplete) evidence for the effect of family types on political institutions:
 - in populations with historically authoritarian and egalitarian families, political systems such as communism were likely to succeed (authoritarian and equal)
 - in populations with 'nuclear' families, democracy was more likely to spread
- Nannicini et al. (2013): places with more civic capital punish politicians for misbehavior (much less likely to be re-elected)
- Aghion et al. (2010), next slide

How culture can affect institutions (and the other way around)

Aghion et al. (2010) show that lack of interpersonal trust and the intensity of government regulation are positively associated:

- Distrust increases demand for regulation (to hold people who would cheat on you in check)
 - e.g., deter entry for entrepreneurs who (people believe) would pollute, steal, and engage in corruption...
- Higher demand for regulation increases the strictness of regulation
- However, heavy regulation of societal relations prevents trust from evolving, and increases scope for corruption...
 - Trust is more likely to form when people see that trust and trustworthiness pay off.
 - When relations are heavily regulated, there is no scope for trust to play a big role...

Aghion et al. (2010): Regulation and distrust are positively correlated

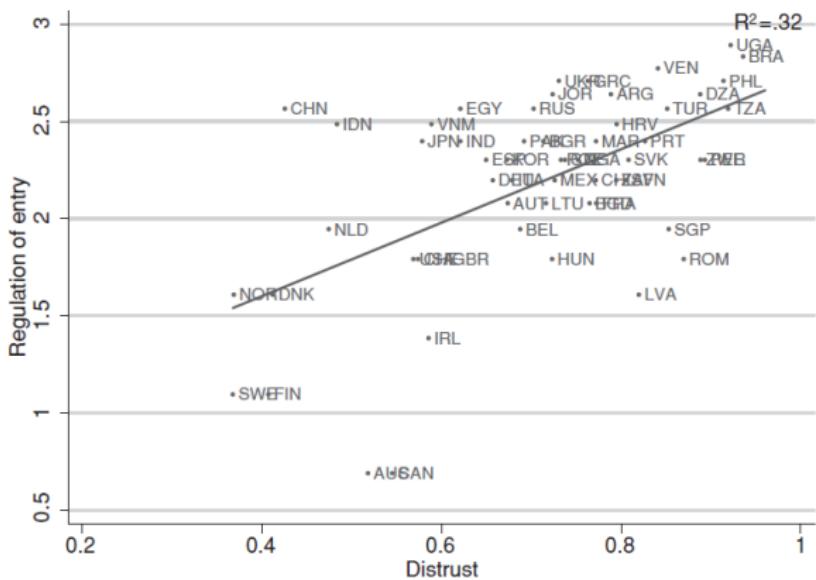


Figure 25: Correlation between interpersonal distrust and government regulation.
Source: Aghion et al. (2010).

Aghion et al. (2010): Regulation and people's demand for regulation

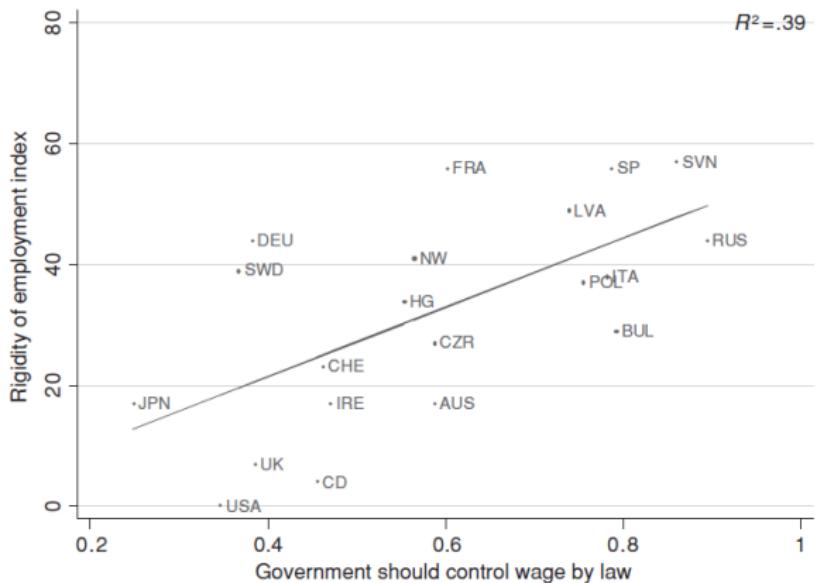


Figure 26: Government regulation (labor markets) responds to people's demands.
Source: Aghion et al. (2010).

Aghion et al. (2010): demand for regulation and Distrust

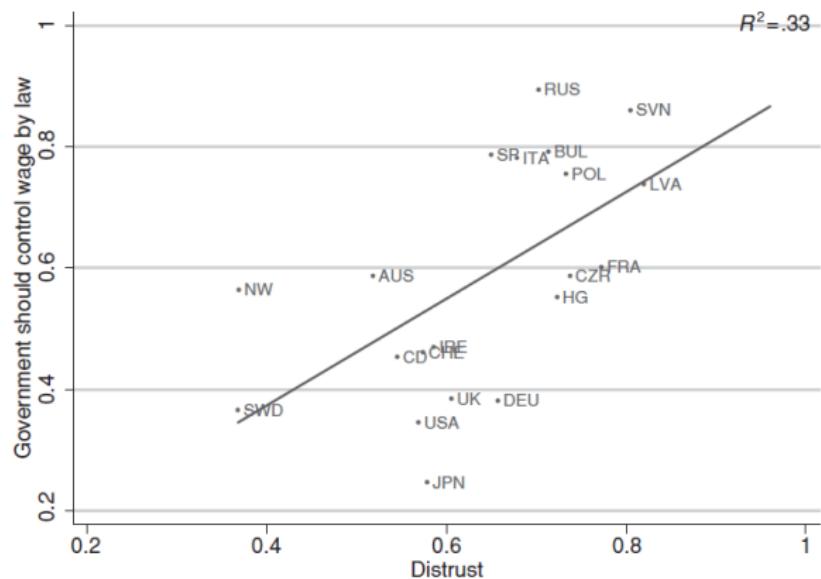


Figure 27: People demands about regulation respond to the lack of trust. Source: Aghion et al. (2010).

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- Trust
- Individualism vs. collectivism
- Family ties and 'generalized morality'

2 Cultural persistence and change

- Persistence of culture
- Cultural change

3 The interaction of culture and institutions

- Does culture affect institutions?
- Do institutions affect culture?

Institutions can affect cultural change

The main idea is that institutions shape the (economic and social) environment and hence affect payoffs to various types of norms and behaviors:

- It may pay off to be less trusting if 'cheaters' (law breakers, etc.) are not punished, because legal institutions are weak
- It may pay off to be more family-oriented when the state institutions do not provide necessary safety nets (such as pension funds, healthcare for the old, etc.)

Examples of how institutions affect culture

As with the opposite way direction, there is a growing list of studies documenting an effect of institutions on culture:

- Becker et al. (2016) show that places located within the historical borders of the Habsburg Empire, known for its well-functioning bureaucracy, have higher levels of trust in courts and police, and lower prevalence of corruption today [Habsburg Empire illustration](#)
 - Thus, Becker et al. (2016) suggest that good institutions complement good culture (they co-evolve)...
- Lowes et al. (2018) tells a different story: the role of historical centralized state of Kuba Kingdom in Africa [Kuba Kingdom illustration](#)
 - Exposure to centralized state with institutions of legal system, police, taxation, and separation of powers has lowered today's norms of rule following, and increased cheating for material gain
 - Thus, Lowes et al. (2018) suggest that institutions can crowd-out culture...

What have we learned? and what remains to be learnt...

- ① We know that culture matters for growth and development:
 - trust, civic culture, family ties, individualism matter
 - channels are investment, trade, cooperation, innovations, and functioning of institutions, among others
- ② Some of cultural traits can be more persistent than others. Overall, culture can be seen as a slow-moving thing
 - immigrants and their children bring with them norms and values of their origin countries, and they only slowly converge to local cultures
 - yet, local environments are very important as well: they contribute to horizontal socialization and cultural change
- ③ We also know that culture and institutions interact:
 - culture can affect institutional performance and institutional choices
 - and institutions can shape culture as well
- ④ It remains to be seen which direction is more important and why...

Example of a trust game, Berg et al. (1995)

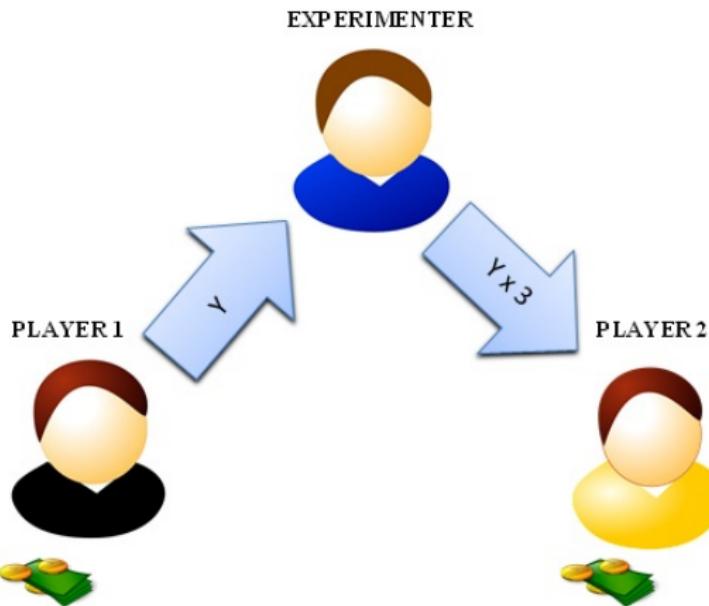


Figure 28: A trust game, 1st move. Source: Wikipedia.org

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Example of a trust game, Berg et al. (1995)

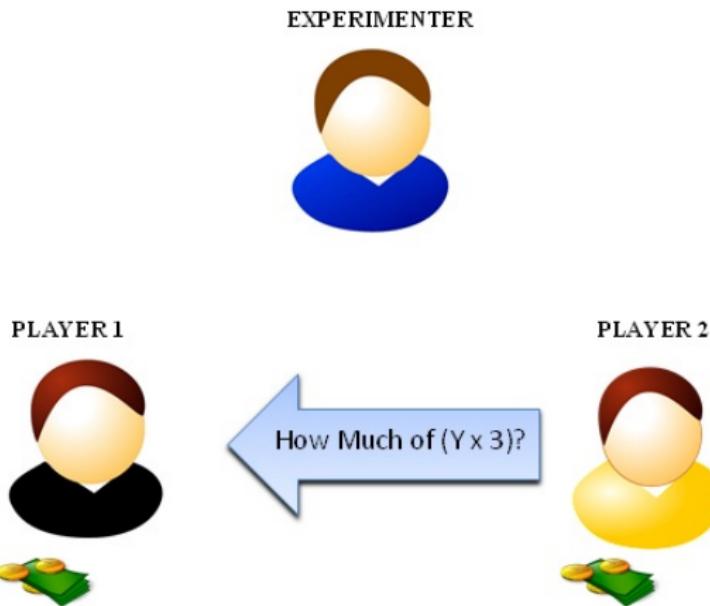


Figure 29: A trust game, 2nd move. Source: Wikipedia.org

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Example of a field experiment by Cohn et al. (2019)

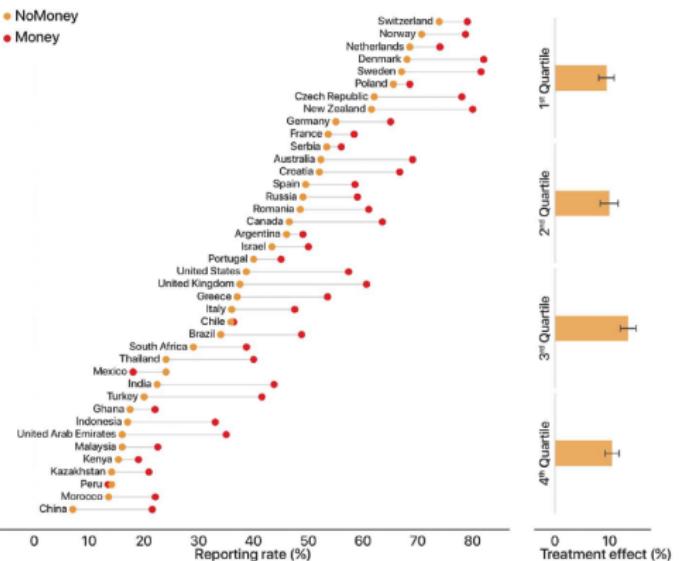


Fig. 1. Share of wallets reported in the NoMoney and Money conditions, by country. (Left) Share of wallets reported in NoMoney (US\$0) and Money (US\$13.45) conditions, by country. The amount of money in the wallet is adjusted according to each country's purchasing power. **(Right)** Average difference between Money and NoMoney conditions across quartiles based on absolute reporting rates in the NoMoney condition. Error bars represent standard errors of the mean.

Figure 30: A 'civic culture' field experiment. Source: Cohn et al. (2019)

Habsburg Empire and contemporary trust in institutions



Figure 31: Historical borders of the Habsburg Empire and contemporary locations.
Source: Becker et al. (2016)

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Habsburg Empire and contemporary trust in institutions

Trust and Corruption in Courts and Police: 17-Country Sample

	Trust in courts	Trust in police	Bribes to courts	Bribes to traffic police
	(1)	(2)	(3)	(4)
Part of Habsburg Empire	0.141 (0.067) **	0.311 (0.064) ***	-0.603 (0.100) ***	-0.586 (0.088) ***

Figure 32: Effect of the Habsburg Empire on contemporary trust and corruption.
Source: Becker et al. (2016)

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Kuba Kingdom and contemporary civic culture

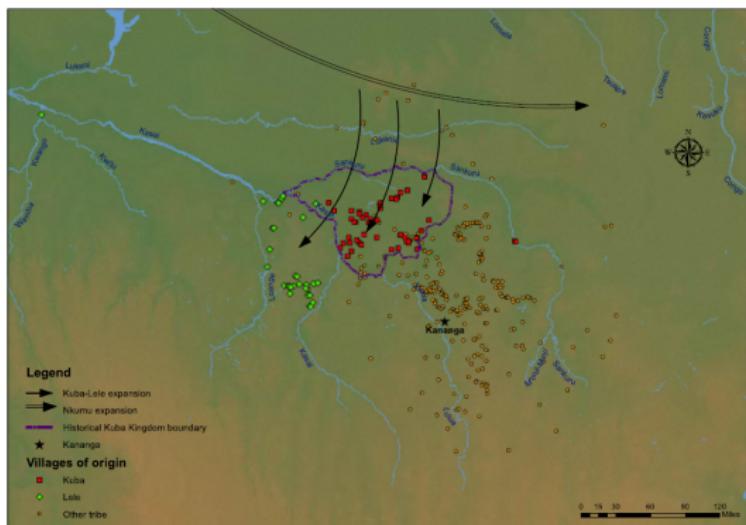
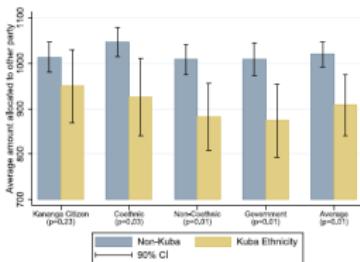


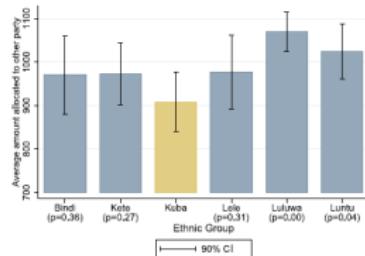
Figure 33: Historical borders of the Kuba Kingdom and contemporary locations.
Source: Lowes et al. (2018).

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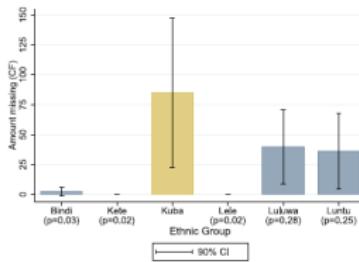
Kuba Kingdom and contemporary civic culture



(a) Average allocations (of 3,000CF) to the other party in the RAG, for Kuba and non-Kuba descendants.



(b) Average allocations (of 3,000CF) to the other party in the RAG, for the six largest ethnic groups.



(c) Average amount of money missing from three rounds of the Ultimatum Game, for the six largest ethnic groups.

Figure 34: Effects of the Kuba Kingdom on contemporary cheating behavior.
Source: Lowes et al. (2018).