

Economics 1018
Cultural Economics
Fall 2019 Syllabus
Catalog number: 1775

Class Times: Monday, Wednesday, 1:30 - 2:45 PM.

Location: Sever 102

Instructor: Alberto Alesina, aalesina@harvard.edu;

Office Hours: Thursdays 2 pm to 4 pm, Littauer 210

Teaching Fellow: Enrico Di Gregorio, edigregorio@g.harvard.edu;

Office Hours: Tuesdays 3 pm to 5 pm. Please send an email in advance.

Faculty Assistant: Aden Gideon – agideon@fas.harvard.edu - Littauer 127

Please schedule an appointment with Aden for OH in order to avoid long waits.

Course Description

This course explores a recent line of research in economics looking at the impact of culture on economic behavior. Topics include the effect of culture on economic development, the interaction between culture and institutions, social norms, culture and financial markets, the family, attitude towards work, trust, individualism vs. altruism, comparing U.S. vs European economic cultures, the organization of the family, and gender roles. Since cultural economics is a new area of study, we will come fairly quickly to the frontiers of research. In case you are interested in writing a senior thesis this will help choosing a topic in this general area of research. We will not focus on technical details, but you will be required to read carefully several papers to understand not only the key results but also the methodology that is used to achieve them. Reading the introduction of papers to get the basics will not be enough.

Prerequisites

Class requirements for this class are: Econ 1010a or 1011a, and (especially) Econ 1123. Many of the papers are empirical in nature; an understanding of statistics and econometrics is necessary. You should at least be familiar with the concept of OLS regressions, probit and logit regressions, and instrumental variables. The first section or two will be devoted to reviewing some basic econometric concepts. As for theory, you should be familiar with basic micro theory and some basic game theory (e.g. Nash equilibrium).

Course Requirements

Two midterms and one final

There will be two midterms covering the material in lectures and readings up to the lecture before the midterm. The questions will be (very) short essays.

Dates: September 30th and November 18th. The second mid-term will cover the material covered in between the two mid-terms. The final will cover the entire semester's material and will take place on the last day of class, Dec. 2 (in class).

Three Problem Sets

I will assign three problem sets during the semester with one week of time to complete them. The problem sets will consist of writing a comment (2-3 pages long) on a paper which will be assigned. We will guide on how to write the comment by asking you questions about that paper and leaving you a final open question to give you space for your own ideas. The paper may or may not be included in the reading list which follows.

Final paper Final report or Final exam

You will be given the option of choosing between: 1) a final paper 2) a final report or 3) the final exam covering the entire semester of material the last day of class. For the paper you have an extremely wide scope to choose from. You can: i) provide a simple new empirical project that asks an innovative question. ii) Write a critical review of the literature, synthesizing or criticizing the main work in the field in an interesting or innovative way.

The paper should demonstrate a keen understanding of the existing literature and the contribution that it makes. Innovative and risky projects will be rewarded even if the final product is not perfect. You can make your argument using simple charts or regression analysis. You are encouraged to come and talk to me and/or the TFs about your paper at any stage of your project.

For the report you should write 5 to 10 pages summary and discussion of the book; Mokyr J, (2018) "A Culture of Growth: The Origins of the Modern Economy," Princeton University Press. The report should summarize the book, comment on it and relate its content with the material covered in the class.

The paper or report is due Dec 6^h, at midnight. No delays accepted. The paper or report satisfies the writing requirement.

Grading

Exams

The two midterm exams are worth 35% in total

Three problem sets worth 30% in total

The final exam or paper or report is worth 35%

Pass/Fail: You can take the class pass/fail but if you do, you have to take the final exam and cannot write the paper or report.

Class participation

Class participation (attendance and active participation) is critical. Material appearing in the exam will be covered in class. Class notes posted on the class website will only be brief summaries and **will not be sufficient to pass the exams**. Missing classes (or sleeping or texting during them) will for sure lower your performance and grade in the exams and/or paper. Which readings are more important will be made clear in class.

Sections

There will be weekly sections to help you with reviewing basic econometrics, exam preparation, paper writing, provide clarifications on the material and possibly complete topics left unfinished in class. Occasionally there will also be lectures on Fridays.

Readings

The readings are available online. I will post the pdf file or the link for each article on the class webpage. Which readings are more important will be clarified in class, another reason why missing classes is not recommended.

We will read parts of the following books:

Mokyr, J., 2018, *A Culture of Growth: The Origins of the Modern Economy*, Princeton University Press.

Alesina, A. and E. Glaeser, *Fighting Poverty in the US and Europe: A World of Difference*, (Oxford, UK: Oxford University Press, 2004).

Banfield, E., *The Moral Basis of a Backward Society*, (New York, NY: Free Press, 1958).

Putnam, Robert D., *Making Democracy Work*, (Princeton, NJ: Princeton University Press, 1993).

Botticini, M. and Z. Eckstein, 2012, *The Chosen Few: How Education Shaped Jewish History*, Princeton University Press.

Outline

What is Culture? Overview

Alesina, A. and P. Giuliano. 2015 ["Culture and Institutions"](#) *Journal of Economic Institutions* 53(4): 898-944.

Guiso, L., P. Sapienza, and L. Zingales, 2006 “[Does Culture Affect Economic Outcomes?](#)” *Journal of Economic Perspectives*, 20: (23-48).

Culture and Economic Growth

Mokyr J, (2018) “A culture of growth: the origin of the modern Economy” Princeton University Press

Tabellini, G. 2010 “[Culture and Institutions: Economic Development in the Regions of Europe](#)” *Journal of the European Economic Association* Vol 8 (4) 677–716.

Figlio, D., P. Giuliano, U. Ozek and P. Sapienza, “[Long-Term Orientation and Educational Performance](#)”, mimeo.

Cantoni, D. 2012: “[The Economic Effects of the Protestant Reformation: Testing the Weber Hypothesis in the German Lands](#),” Munich Econ working paper.

Becker, S. and L. Woessman 2009 “[Was Weber Wrong? A Human Capital Theory of Protestant Economic History](#)” *Quarterly Journal of Economics*, 124 (2): 531-596.

Botticini, M. and Z. Eckstein, 2012, *The Chosen Few: How Education Shaped Jewish History*, Princeton University Press

Gorodnichenko, Y. and Roland, G. 2010. [Culture, Institutions and the Wealth of Nations](#) (No. w16368). National Bureau of Economic Research.

Social Capital

Banfield, E., *The Moral Basis of a Backward Society*, (New York, NY: Free Press, 1958).

Putnam, R. D., *Making Democracy Work*. (Princeton, NJ: Princeton University Press, 1993).

Guiso, L., P. Sapienza and L. Zingales, 2013 “[Long Term Persistence](#),” *Journal of the European Economic Association*, Vol. 14, No. 6, 1401-1436

Alesina, A. and E. La Ferrara, 2000 “[Participation in Heterogeneous Communities](#),” *Quarterly Journal of Economics*, 115: (847–904)

Satyanath, S., Voigtländer, N. and Voth, H., 2017 “[Bowling for Fascism: Social Capital and the Rise of the Nazi Party in Weimar Germany, 1919-33](#)” *Journal of Political Economy*, 125(2), 478-526.

Dell, M., Lane, N. and Querubin, P., 2018 “[The Historical State, Local Collective Action, and Economic Development in Vietnam](#),” *Econometrica* (Forthcoming).

Trust, Culture, and Markets

Alesina, A. and E. La Ferrara, 2002 “[Who trusts others?](#)” *Journal of Public Economics* 85, 207-284.

Guiso, L., P. Sapienza, and L. Zingales, 2009 “[Cultural Biases in Economic Exchange](#)”, *Quarterly Journal of Economics*, 124(3), pp. 1095-1131.

Guiso, L., P. Sapienza and L. Zingales, 2004 “[The Role of Social Capital in Financial Development](#),” *American Economic Review*, Vol. 94, No. 3, 526-556.

Guiso, L., P. Sapienza and L. Zingales 2008 “[Trusting the stock market](#)”, *Journal of Finance*, 63 (6) 2557-2600.

The Family, the clan and society

Alesina, A. and P. Giuliano, June 2010 “[The Power of the Family](#)” *Journal of Economic Growth*, 15 (2), 3-125.

Alesina, A. and P. Giuliano. 2014. “[Family Ties](#).” In *Handbook of Economic Growth*, edited by Philippe Aghion and Steven N Durlauf, 2A:177-215. The Netherlands: North Holland.

Bertrand, M. and A. Schoar 2006 “[The Role of Family in Family Firms](#),” *Journal of Economic Perspectives*, 20 (2) 73-96.

Dohmen, T., A. Falk, D. Huffman and U. Sunde 2006 “[The Intergenerational Transmission of Risk and Trust Attitudes](#)” IZA DP2380.

Alesina A and P. Giuliano 2011 “[Family Ties and Political Participation](#)” *Journal of the European Economic Association*, 9(5)817-839.

Enke B. 2017 “[Kinship Systems, Cooperation and the Evolution of Culture](#)” working paper

Enke B (2018) “[Moral Values and Voting](#)” working paper

Grief, A and G. Tabellini (2017) [The Clan and the Corporation: Sustaining Cooperation in China and Europe](#), *Journal of Comparative Economics* 45 (2017) 1–35,

Ethnicity and Culture

Alesina, A., S. Michalopoulos and E. Papaioannou 2016 "[Ethnic Inequality](#)" *Journal of Political Economy*, 124 (2)428-488.

Alesina, A., R. Baqir and W. Easterly, 1999 "[Public Goods and Ethnic Divisions](#)" *Quarterly Journal of Economics* Vol. 114:1234-84.

Alesina, A. and E. La Ferrara, 2005 "[Ethnic Diversity and Economic Performance.](#)" *Journal of Economic Literature*, 43(3): 762-800.

Algan, Y., C Hemet, D. and D. Laitin June 2016 "[The Social Effects of Ethnic Diversity at the Local Level: A Natural Experiment with Exogenous Residential Allocation](#)" *Journal of Political Economy*, 124(3) 696-733.

Tabellini M. (2018) "[The gift of immigrants woes of the natives; Lesson from the age of mass migration](#)" unpublished

Where does culture come from?

Alesina, A., P. Giuliano and N. Nunn (2013) "[The Origin of Gender Roles, Women and the Plough](#)" *Quarterly Journal of Economics*, 128, no. 2: 469-530

Nunn, N. and Watchenkon, L., 2011. "[The Slave Trade and the Origins of Mistrust in Africa.](#)" *American Economic Review*, 101(7): 3221-52.

Teso, E. 2016 "[The Long-Term Effect of Demographic Shocks on the Evolution of Gender Roles: Evidence from the Trans-Atlantic Slave Trade](#)" unpublished.

Voigtlander, N. and J. Voth, 2012 "[Persecution Perpetuated: the Medieval Origins of Anti-Semitic Violence in Nazi Germany](#)" *Quarterly Journal of Economics* 128 (2): 469-530

Galor, O. and Ozak, O., 2016 "[The Agricultural Origins of Time Preference](#)" *American Economic Review* 106 (8), 3064 3103.

Alesina, A., N. Fuchs-Schündeln, 2007 "[Good Bye Lenin or Not? The Effect of Communism on People's Preferences.](#)" *American Economic Review*, 97: (1507-1528).

P. Giuliano and A. Spilimbergo (2014) "[Growing up in a recession](#)" *Review of Economic Studies* 81, 787-818.

The culture of welfare and redistribution: US versus Europe

Alesina, A. and P. Giuliano, “[Preferences for Redistribution](#),” in A. Bisin and J. Benhabib (eds.), *Handbook of Social Economics*, North Holland, 2011, Ch.4, 93-132.

Alesina, A. and E. Glaeser, *Fighting Poverty in the US and Europe: A World of Difference*, (Oxford, UK: Oxford University Press, 2004).

Alesina A., S Stantcheva and Edoardo Teso, 2018 “[Intergenerational Mobility and Preferences for Redistribution](#)” *American Economic Review*.

Alesina A, A. Miano, and S. Stantcheva (2018) “[Immigration and redistribution](#)” NBER working paper.

Kuziemko, I., M. I. Norton, E. Saez, and S. Stantcheva 2015 “[How Elastic are Preferences for Redistribution? Evidence from Randomized Survey Experiments](#)” *The American Economic Review* 105 (4), 1478-1508.

C. Fong and E. Luttmer (2011); “[Do Fairness and race matter for generosity? Evidence form a nationally representative charity experiment](#)” *Journal of Public Economic* 95 372 -94.