

# Culture, Social Capital and Development through History (3-4 modules)

## Instructor:

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## I. General information about the course

Social capital and culture: what do they add to economic growth and development? What is the role of social capital in explaining labor market regulation, quality of government, and preferences for redistribution? Does the language we speak matter for healthy life and savings? What do genes and hormones say about our norms of behavior? This is just the beginning of a list of questions we are going to discuss in this course, which is focused on cutting edge empirical research on social capital and culture with special attention to their deep historical and geographical roots.

## II. Course goals, learning objectives, expected learning outcomes

We will concentrate on the main findings in the literature and their limitations, as well as on data and methods. Additionally, we will use Internet applications and video materials, allowing a deeper understanding of the role of social capital and culture in our everyday life. The course concludes with a discussion of social capital and cultural dynamics in developing and transition economies. Policy recommendations will also follow.

## III. Course Outline

№ №	Topics	Course Hours	Academic/Contact Hours		Self- study Hours
			Lectures	Seminars	
1	Introduction to the cultural explanation of economic development	4	4	-	15
2	Social capital, culture and development: Macro evidence	8	4	4	35
3	From Culture to Development: Institutions	4	2	2	10

4	From Culture to Development: Individual behavior	6	4	2	20
5	Deep roots: History, Geography, and Genes	8	4	4	35
6	Cultural persistence and change. Role of education, ownership, and migration	4	2	2	15
7	Social capital and culture in developing countries	6	4	2	20
	Total	190	24	16	150

## IV. Curriculum, Readings

### Topic 1. Introduction to the cultural explanation of economic development (2 lectures)

Algan Y., Cahuc P. (2013). Trust, Growth and Well-Being: New Evidence and Policy Implications, *Handbook of Economic Growth*, eds. Philippe Aghion and Steven Durlauf, vol. 2A, 49-120.

Alesina A., Giuliano P. (2015) Culture and Institutions. *Journal of Economic Literature*, 53(4), 898–944.

Fernández, R. (2011). Does Culture Matter? *Handbook of Social Economics*, Volume 1A, 481-510.

Glaeser E., Laibson D., Scheinkman J., Soutter Ch. (2000) Measuring Trust. *Quarterly Journal of Economics*, Vol. 115, No. 3, pp. 811-846.

#### Recommended

Delhey J., Newton K., Welzel C. How General is Trust in “Most People”? Solving the Radius of Trust Problem. *American Sociological Review*, 76(5) 786 –807.

Durlauf S., Fafchamps M. (2005) Social Capital, In: Philippe Aghion & Steven Durlauf (ed.) *Handbook of Economic Growth*, Ch. 26, pp. 1639-1699.

Guiso L., Sapienza P., Zingales L. (2010). Civic Capital as the Missing Link. EUI Working Paper ECO2010/08.

Henrich, J., 2000. Does Culture Matter in Economic Behavior? Ultimatum Game Bargaining Among the Machiguenga of the Peruvian Amazon. *Am. Econ. Rev.* 90 (4), 973–979.

Oosterbeek, H., Sloof, R., van de Kuilen, G., 2004. Cultural Differences in Ultimatum Game Experiments: Evidence from a Meta-Analysis. *Experimental Economics* 7, 171–188.

Putnam R.D. (1995) Bowling Alone: America's Declining Social Capital. *The Journal of Democracy*, Vol. 6, No. 1, pp. 65-78.

**Topic 2. Social capital, culture and development: Macro evidence (2 lectures and 2 seminars)**

Aghion Ph., Algan Y., Cahuc P., Shleifer A. (2010) Regulation and Distrust. *Quarterly Journal of Economics*, Vol. 125, No. 3, pp. 1015-1049.

Algan Y., Cahuc P. (2010) Inherited Trust and Growth. *American Economic Review*, Vol. 100, No. 5, pp. 2060–2092.

Algan Y., Cahuc P., Shleifer A. (2012) Teaching Practices and Social Capital. NBER Working Paper No. 17527.

Guiso L., Sapienza P., Zingales L. (2006) Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives*, Vol. 20, No. 2, pp. 23–48.

Helliwell J. F., Wang S. (2011). Trust and wellbeing. *International Journal of Wellbeing*, Vol. 1, No. 1, pp. 42—78.

Knack S., Keefer Ph. (1997) Does Social Capital Have an Economic Payoff? A Cross-Country Investigation. *Quarterly Journal of Economics*, Vol. 112, No. 4, pp. 1251-1288.

Knack S. (2002) Social Capital and the Quality of Government: Evidence From the U.S. States. *American Journal of Political Science*, Vol. 46, No. 4, pp. 772–785.

McCleary R. M., Barro R. (2003). Religion and economic growth across countries. *American Sociological Review*, Vol. 68, No. 5, pp. 760—781.

Tabellini G. (2008) Institutions and Culture. *Journal of the European Economic Association*, Vol. 6, No. 2-3, pp. 255–294.

*Recommended*

Alesina, A., La Ferrara, E. (2005). Ethnic diversity and economic performance. *Journal of Economic Literature*, 43 (3), 762-800.

Becker S.O., Woessmann L. (2009). Was Weber wrong? A human capital theory of Protestant economic history. *The Quarterly Journal of Economics*, Vol. 124, No. 2, pp. 531—596.

Coleman J. Social Capital in the Creation of Human Capital. (1988) *American Journal of Sociology*, Vol. 94 (supplement), pp. S95-S120.

Guiso L., Sapienza P., Zingales L. (2004) The Role of Social Capital in Financial Development. *American Economic Review*, Vol. 94, No. 2, pp. 526-556.

Roth F. (2009) Does Too Much Trust Hamper Economic Growth? *KYKLOS*, Vol. 62, No. 1, 103–128.

Helliwell J., Putnam R. (2007) Education and Social Capital. *Eastern Economic Journal*, Vol. 33, No. 1, pp. 1-19.

Helliwell J.F., Huang H. (2011) Well-Being and Trust in the Workplace. *Journal of Happiness Studies*, Vol. 12, No. 5, pp. 747-767.

Knack S. 2003. Groups, Growth and Trust: Cross-Country Evidence on the Olson and Putnam Hypotheses. *Public Choice*, 117: 341-355.

Nannicini T., Stella A., Tabellini G., Troiano U. (2010) Social Capital and Political Accountability. Fondazione Eni Enrico Mattei Working paper, Global Challenges Series.

Rothstein B., Eek D. (2009) Political Corruption and Social Trust: An Experimental Approach. *Rationality and Society*, Vol. 21, No. 1, pp. 81-112.

Tabellini G. (2010). Culture and institutions: Economic development in the regions of Europe. *Journal of the European Economic Association*, Vol. 8, No. 4, pp. 677—716.

Zak, P.J., Knack, S. (2001). Trust and Growth. *Economic Journal*, 111(470): 295–321.

### **Topic 3. From Culture to Development: Institutions** (1 lecture and 1 seminar)

Algan Y., Cahuc P. (2009). Civic virtue and labor market institutions. *American Economic Journal: Macroeconomics*, Vol. 1, No. 1, pp. 111—145.

Bjørnskov, C., Svendsen, G. (2013). Does Social Trust Determine the Size of the Welfare State? Evidence Using Historical Identification. *Public Choice*, vol. 157, no.1, pp. 269–286.

Bloom N., Sadun R., Van Reenen J. (2012). The organization of firms across countries. *Quarterly Journal of Economics*, Vol. 127, No. 4, pp. 1663—1705.

Kuran T. Why the Middle East Is Economically Underdeveloped. *Journal of Economic Perspectives*. 2004. 71-90.

Scheve K., Stasavage D. (2006). Religion and preferences for social insurance. *Quarterly Journal of Political Science*, Vol. 1, No. 3, pp. 255—286.

#### *Recommended*

Aghion P., Algan Y., Cahuc P. (2011). Civil Society and the State? The Interplay between Cooperation and Minimum Wage Regulation. *Journal of the European Economic Association*, Vol. 9, No. 1, pp. 3—42.

Stulz, R.M., Williamson R. (2003). Culture, openness, and finance. *Journal of Financial Economics* 70, 313–349.

### **Topic 4. From Culture to Development: Individual behavior** (2 lectures and 1 seminar)

Alesina, Alberto, and Paola Giuliano (2011). Family Ties and Political Participation. *Journal of the European Economic Association*, 9, 817–839.

Alesina, A., Algan, Y., Cahuc, P., Giuliano, P. (2015) Family Values and the Regulation of Labor. *Journal of the European Economic Association* 13(4):599–630.

Algan, Y., Cahuc, P., Sangnier, M. (2016). Trust and the welfare state: The twin peaks curve. *The Economic Journal*, vol. 126, no. 593, pp. 861-883.

Chen M. K. (2013). The effect of language on economic behavior: Evidence from savings rates, health behaviors, and retirement assets. *American Economic Review*, Vol. 103, No. 2, pp. 690—731.

Guiso L., Sapienza P., Zingales L. (2006). Does culture affect economic outcomes? *Journal of Economic Perspectives*, Vol. 20, No. 2, pp. 23—48.

Giuliano P. (2007). Living arrangements in Western Europe: Does cultural origin matter? *Journal of the European Economic Association*, Vol. 5, No. 5, pp. 927—952.

McCleary R. M., Barro R. J. (2006). Religion and economy. *Journal of Economic Perspectives*, Vol. 20, No. 2, pp. 49—72.

Miguel E., Fisman R. (2007) Corruption, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy*, Vol. 115, pp. 1020–1048.

#### *Recommended*

Aldashev, G., Platteau, J.-P. (2014). Religion, Culture, and Development. *Handbook of the Economics of Art and Culture*, Volume 2, 587-631.

Arrucada B. (2010). Protestants and Catholics: Similar work ethic, different social ethic. *The Economic Journal*, Vol. 120, No. 547, pp. 890—918.

D’Hombres R., Rocco L., Shurcke M., Mckee M., (2010). Does social capital determine health? Evidence from eight transition countries. *Health Economics* 19, 56-74.

Fernández R., Fogli A., Olivetti C. (2004). Mothers and sons: Preference formation and female labor force dynamics. *Quarterly Journal of Economics*, Vol. 119, No. 4, pp. 1249—1299.

McCleary R. M. (2007). Salvation, damnation, and economic incentives. *Journal of Contemporary Religion*, Vol. 22, No. 1, pp. 49—74.

Miguel, E., Saiegh, S.M., Satyanath, S. (2008). National Cultures and Soccer Violence. NBER Working Paper No. 13968.

#### **Topic 5. Deep roots: History, Geography, and Genes** (2 lectures and 2 seminars)

Alesina A., Fuchs-Schündeln N. (2007). Good-Bye Lenin (or Not?): The Effect of Communism on People’s Preferences. *American Economic Review* 97 (4): 1507–28.

Fernández R., Fogli A. (2005). Culture: An empirical investigation of beliefs, work, and fertility. *American Economic Journal: Macroeconomics* 2009, 1:1, 146–177.

Giuliano, P., Nunn, N. (2017). Understanding Cultural Persistence and Change. NBER Working Paper No. 23617.

Grosjean, P. 2014. A History of Violence: The Culture of Honor and Homicide in the US South. *Journal of the European Economic Association* 12 (5): 1285–1316.

Kosfeld M., Heinrichs M., Zak P.J., Fischbacher U., Fehr E. (2005) Oxytocin Increases Trust in Humans. *Nature*, Vol. 435, pp. 673-676.

Nunn N. (2008) The Importance of History for Economic Development. Mimeo.

Nunn N., Wantchekon L. (2011) The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review*, Vol. 101, No. 7, pp. 3221–3252.

Tabellini G. (2008) Institutions and Culture. *Journal of the European Economic Association*, Vol. 6, No. 2-3, pp. 255–294.

#### *Recommended*

- Alesina A, Giuliano P, Nunn N. On the Origins of Gender Roles: Women and the Plough. *Quarterly Journal of Economics*. 2013;128 (2) :469-530.
- Alesina, A., La Ferrara, E. (2002). Who trusts others? *Journal of Public Economics*, 85, 207-234.
- Bergh, A., Bjørnskov, C. (2011). Historical trust levels predict the current size of the welfare state. *Kyklos*, 64(1), 1-19.
- Besley, T., Reynal-Querol, M. (2014). The Legacy of Historical Conflict. Evidence from Africa, *American Political Science Review*, 108 (2), 319-336.
- Bisin, Alberto, and Thierry Verdier (2001). The Economics of Cultural Transmission and the Dynamics of Preferences. *Journal of Economic Theory*, 97, 298–319.
- Chapman H. A., Kim D. A., Susskind J. M., Anderson A. K. (2009) In Bad Taste: Evidence for the Oral Origins of Moral Disgust. *Science*, Vol. 323, pp. 1222-1226.
- Durante R. (2010) Risk, cooperation and the economic origins of social trust: an empirical investigation. Mimeo.
- Greif, A., 1994. Cultural beliefs and the organization of society: a historical and theoretical reflection on collectivist and individualist societies. *J. Polit. Econ.* 102, 912–950.
- Greif A., Tabellini G. (2012) The Clan and the City: Sustaining Cooperation in China and Europe. IGIER Working Paper No. 445.
- Giuliano P., Spilimbergo A. (2014). Growing up in a Recession. *Review of Economic Studies*. 81:787–817.
- Guiso, L., Sapienza, P., & Zingales, L. (2016). Long-term persistence. *Journal of the European Economic Association*, 14(6), 1401-1436.
- Kumlin S., Rothstein B. (2005). Making and Breaking Social Capital: The Impact of Welfare-State Institutions. *Comparative Political Studies*, 38(4): 339-365.
- Michalopoulos S., Papaioannou E. (2014). National institutions and subnational development in Africa. *Quarterly Journal of Economics*, Vol. 129, No. 1, p. 151.
- Nunn N. (2012) Culture and the Historical Process. *Economic History of Developing Regions*, 27 (S1):108-126.

**Topic 6. Cultural persistence and change. Role of education, ownership, and migration** (1 lecture and 1 seminar)

- Algan Y., Cahuc P., Shleifer A. (2013). Teaching Practices and Social Capital. *American Economic Journal: Applied Economics*, 5(3), 189-210.
- Brosig-Koch, J., Helbach, C., Ockenfels, A., Weimann, J. (2011). Still different after all these years: Solidarity behavior in East and West Germany. *Journal of Public Economics* 95 1373–1376.
- Giavazzi, Francesco, Ivan Petkov, and Fabio Schiantarelli (2014). Culture: Persistence and Evolution. NBER Working Paper No. 20174.

DiPasquale D., Glaeser E. (1999) Incentives and Social Capital: Are Homeowners Better Citizens? *Journal of Urban Economics*, Vol. 45, pp. 354-384.

*Recommended*

Di Tella, R., Galiani, S., Schargrodsky, E. (2007). The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters, *The Quarterly Journal of Economics*, Volume 122, Issue 1, 209–241.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales (2008). Social Capital as Good Culture. *Journal of the European Economic Association Papers and Proceedings*, 6, 295–320.

**Topic 7. Social capital and culture in developing countries** (2 lectures and 1 seminar)

Alesina A., Fuchs-Schündeln N. (2007). Good-Bye Lenin (or Not?): The Effect of Communism on People’s Preferences. *American Economic Review* 97 (4): 1507–28.

Besley, T., Reynal-Querol, M. (2014). The Legacy of Historical Conflict. Evidence from Africa, *American Political Science Review*, 108 (2), 319-336.

Giuliano P., Spilimbergo A. (2014). Growing up in a Recession. *Review of Economic Studies*. 81:787–817.

Grosfeld, I., A. Rodnyansky, and E. Zhuravskaya. (2013). Persistent Antimarket Culture: A Legacy of the Pale of Settlement after the Holocaust. *American Economic Journal: Economic Policy* 5 (3): 189–226.

Nunn N., Wantchekon L. (2011) The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review*, Vol. 101, No. 7, 3221–3252.

*Recommended*

Acemoglu D., Hassan T. A., Robinson J.A. (2011) Social Structure and Development: A Legacy of the Holocaust in Russia. *The Quarterly Journal of Economics*, vol. 126(2), pages 895-946.

Dower P.C., Markevich A. (2014) A history of resistance to privatization in Russia. *Journal of Comparative Economics*. Volume 42, Issue 4, Pages 855–873

Kennedy B.P., Kawachi I., Brainerd E. (1998) The Role of Social Capital in the Russian Mortality Crisis. *World Development*, Vol. 26, No. 11, pp. 2029-2043.

Lankina, Tomila V., Libman, Alexander and Obydenkova, Anastassia (2016) Appropriation and subversion: pre-communist literacy, communist party saturation, and post-communist democratic outcomes. *World Politics*, 68 (2). pp. 229-274.

Libman, A., and A. Obydenkova. 2015. “CPSU Legacies and Regional Democracy in Contemporary Russia.” *Political Studies* 63: 173–190.

Rose R. (2000) Uses of social capital in Russia: Modern, pre-modern, and anti-modern. *Post-Soviet Affairs*, 16, 33-57.

Rose R. (2000) How Much Does Social Capital Add to Individual Health? A Survey Study of Russians. *Social Science & Medicine* 51, pp. 1421-1435.

Rose-Ackerman S. (2001) Trust and Honesty in Post-Socialist Societies. *Kyklos*, Volume 54, Issue 2-3, 415–443.

## **V. Evaluation**

### **Evaluation summary:**

30% Essay  
30% Discussion of papers  
40% Final exam

### **Essay**

Every student should show importance of culture for development of any chosen country. Essay should be short, use the concepts and logic of the course, and based on academic papers to prove the arguments.

### **Papers for discussion during seminars**

#### *Seminar 1*

Aghion Ph., Algan Y., Cahuc P., Shleifer A. (2010) Regulation and Distrust. *Quarterly Journal of Economics*, Vol. 125, No. 3, pp. 1015-1049.

Tabellini G. (2008) Institutions and Culture. *Journal of the European Economic Association*, Vol. 6, No. 2-3, pp. 255–294.

#### *Seminar 2*

Algan Y., Cahuc P., Shleifer A. (2012) Teaching Practices and Social Capital. NBER Working Paper No. 17527.

Helliwell J. F., Wang S. (2011). Trust and wellbeing. *International Journal of Wellbeing*, Vol. 1, No. 1, pp. 42—78.

#### *Seminar 3*

Algan Y., Cahuc P. (2009). Civic virtue and labor market institutions. *American Economic Journal: Macroeconomics*, Vol. 1, No. 1, pp. 111—145.

Kuran T. Why the Middle East Is Economically Underdeveloped. *Journal of Economic Perspectives*. 2004. 71-90.

#### *Seminar 4*

Alesina, Alberto, and Paola Giuliano (2011). Family Ties and Political Participation. *Journal of the European Economic Association*, 9, 817–839.

Miguel E., Fisman R. (2007) Corruption, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy*, Vol. 115, pp. 1020–1048.

#### *Seminar 5*

Alesina A., Fuchs-Schündeln N. (2007). Good-Bye Lenin (or Not?): The Effect of Communism on People's Preferences. *American Economic Review* 97 (4): 1507–28.



Giuliano, P., Nunn, N. (2017). Understanding Cultural Persistence and Change. NBER Working Paper No. 23617.

#### *Seminar 6*

Kosfeld M., Heinrichs M., Zak P.J., Fischbacher U., Fehr E. (2005) Oxytocin Increases Trust in Humans. *Nature*, Vol. 435, pp. 673-676.

Nunn N., Wantchekon L. (2011) The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review*, Vol. 101, No. 7, pp. 3221–3252.

#### *Seminar 7*

Giavazzi, Francesco, Ivan Petkov, and Fabio Schiantarelli (2014). Culture: Persistence and Evolution. NBER Working Paper No. 20174.

DiPasquale D., Glaeser E. (1999) Incentives and Social Capital: Are Homeowners Better Citizens? *Journal of Urban Economics*, Vol. 45, pp. 354-384.

#### *Seminar 8*

Besley, T., Reynal-Querol, M. (2014). The Legacy of Historical Conflict. Evidence from Africa, *American Political Science Review*, 108 (2), 319-336.

Giuliano P., Spilimbergo A. (2014). Growing up in a Recession. *Review of Economic Studies*. 81:787–817.

**Final exam** will consist of a number of questions about definitions of basic concepts and main findings of the literature. It will also include questions about papers that we are going to discuss during seminars.

## **VI. Academic Integrity**

The Higher School of Economics strictly adheres to the principle of academic integrity and honesty. Accordingly, in this course there will be a zero-tolerance policy toward academic dishonesty. This includes, but is not limited to, cheating, plagiarism (including failure to properly cite sources), fabricating citations or information, tampering with other students' work, and presenting a part of or the entirety of another person's work as your own. HSE uses an automated plagiarism-detection system to ensure the originality of students' work. Students who violate university rules on academic honesty will face disciplinary consequences, which, depending on the severity of the offense, may include having points deducted on a specific assignment, receiving a failing grade for the course, being expelled from the university, or other measures specified in HSE's [Internal Regulations](#).