



**Course:** **The Economics of Identity, Culture and Institution**

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**Term:** Spring

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**Office Hours:** (indicate office hours or “upon request”)

**Objective:** This course will explore how identity and culture both shape and are shaped by politics, economics and institutions and on attempts to manipulate culture and institutions. The basic models will be explained in standard lectures followed by class discussion based on assigned readings. The aim of the course is to explore the frontiers of knowledge, expose gaps in the present literature and develop new research ideas.

### **Description and Course Outline:**

#### ***Identity and Identity Choice***

The standard lecture will introduce different concepts of identity (individual versus social) using the seminal paper by Akerlof and Kranton (2000) and Shayo (2009) for social identity. We will also study Bénabou and Tirole (2011).

- Akerlof, G.A., Kranton, R.E., 2000. Economics and Identity. Q. J. Econ. 115, 715--753
- Bénabou, Roland, and Jean Tirole. 2011. Identity, morals, and taboos: Beliefs as assets. The Quarterly Journal of Economics, 126(2): 805 855.
- Shayo, M. (2009) "A model of Social Identity with an Application to Political Economy: Nation, Class and Redistribution"

Additional readings will be a subselection from the following list and the remainder will be suggested as additional reading for the interested student

- Akerlof, George A, and Rachel E Kranton. 2002. "Identity and Schooling: Some Lessons for the economics of education." Journal of Economic Literature XL (December 2002):1167-1201.

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- Akerlof, George A, and Rachel E Kranton. 2005. "Identity and the Economics of Organizations." *Journal of Economic perspectives* 19 (1):9-32.
- Akerlof, George A, and Rachel E Kranton. 2010. *Identity Economics: How Our Identities Shape Our Work, Wages, and Well-Being*: Princeton University Press.
- Akerlof, Robert. 2016 "We Thinking and Its Consequences" *The American Economic Review*, Vol. 106, No. 5,
- Akerlof, Robert. 2017. "Value Formation: The Role of Esteem" *Games and Economic Behavior* 102: 1--19
- Berg, Alastair (2019) "Identity Economics. A review". mimeo
- Collier, Paul (2019) "Diverging identities: a model of class formation" SM-WP-2019 Oxford University
- Kim, Young-Chul and Glenn C. Loury (2019) "To be, or not to be: Stereotypes, identity choice and group inequality" *Journal of Public Economics*, Volume 174, Pages 36-52,
- Kranton, Rachel E. (2016): *Identity Economics : Where Do Social Distinctions and Norms Come From?* *The American Economic Review*, Vol. 106, No. 5, PAPERS AND PROCEEDINGS
- Shayo, Moses, *Social Identity and Economic Policy* (November 7, 2019). *Annual Review of Economics*, Vol.12, Forthcoming.

### ***Cultural transmission of preferences***

The standard lecture will introduce Bisin and Verdier (2001)'s seminal paper on cultural transmission of preferences using the framework of Hauk and Saez-Marti (2002).

- Bisin, A., Verdier, T., 2001. *The Economics of Cultural Transmission and the Dynamics of Preferences*. *J. Econ. Theory* 97, 298--319.
- Hauk, E., Saez-Marti, M., 2002. *On the Cultural Transmission of Corruption*. *J. Econ. Theory* 107, 311--335.

We will discuss extensions of the model focusing on different oblique transmission mechanisms (peers, schools, neighborhoods, television), on extensions to more than two cultural traits, on cultural leaders and potential applications of the model some in the lecture and some as assigned readings. We will discuss the origin of multiculturalism and its persistence. Assigned readings will be a subselection from the following list and the remainder will be suggested as additional reading for the interested student.

- Acemoglu, D. and Matthew O. Jackson (2015) "History, Expectations and Leadership in the Evolution of Social Norms" *Review of Economic Studies*
- Adriani, Fabrizio; Jesse A. Matheson, Silvia Sonderegger (2018), *Teaching by example and induced beliefs in a model of cultural transmission*, *Journal of Economic Behavior & Organization*, Volume 145, Pages 511-529,
- Advani, Arun; Reich, Bryony (2015) : *Melting pot or salad bowl: The formation of heterogeneous communities*, *IFS Working Papers*, No. W15/30,
- Ahlerup and Olsson (2012), *The Roots of Ethnic Diversity*, *Journal of Economic Growth*.

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- Bisin, A., Verdier, T. (2010) "The Economics of Cultural Transmission and Socialization" in Handbook of Social Economics, edited by Benhabib, Bisin and Jackson and references therein
- Bisin, A., Verdier, T., 1998. On the Cultural Transmission of Preferences for Social Status. J. Public Econ. 70, 75--97.
- Bisin, A., Verdier, T., 2000. Beyond the Melting Pot: Cultural Transmission, Marriage and the Evolution of Ethnic and Religious Traits. Q. J. Econ. 115, 955--988.
- Cheung, Man-Wah and Jiabin Wu (2018) ""On the Probabilistic Transmission of Continuous Cultural Traits" Journal of Economic Theory 174 (2018), 300-323
- Desmet Klaus and Romain Wacziarg (2018) "The cultural divide" NBER Working Paper 24630
- Desmet, K., I. Ortuño-Ortín and R.Wacziarg (2017), "Culture, Ethnicity and Diversity", American Economic Review, vol. 107(9), pp. 2479-2513.
- Dessi, R., 2008. Collective Memory, Cultural Transmission and Investments. Am. Econ. Rev. 98 (1), 534--560.
- Fouka, Vasiliki and Mazumder, Soumyajit and Tabellini, Marco, From Immigrants to Americans: Race and Assimilation During the Great Migration (February 2020). CEPR Discussion Paper No. DP14396.
- Hauk E. and Immordino G. (2014) Parents, Television and Cultural Change Economic Journal 124(579): 1040-1065
- Hauk E. and Mueller H. (2015) Cultural leaders and the clash of civilizations Journal of Conflict Resolution 59:367-400
- Hellmann, T. and F. Panebianco (2018) "The transmission of continuous cultural traits in endogenous social networks, Economics Letters, Volume 167, Pages 51-55,
- Michalopoulos (2012), The Origins of Ethnolinguistic Diversity, American Economic Review.
- Montgomery (2010), Intergenerational Cultural Transmission as an Evolutionary Game, American Economic Journal, Microeconomics
- Olivier, J., Thoenig, M., Verdier, T., 2008. Globalization and the Dynamics of Cultural Identity. J. Int.Econ. 76, 356--370.
- Panebianco, F., (2014). Socialization networks and the transmission of interethnic attitudes. Journal of Economic Theory 150, 583 -- 610.
- Prummer, A., Siedlarek, J.-P., 2017. Community leaders and the preservation of cultural traits. J. Econ. Theory 168, 143--176
- Prummer A. (2019) Religious and Cultural Leaders. In: Carvalho JP., Iyer S., Rubin J. (eds) Advances in the Economics of Religion. International Economic Association Series. Palgrave Macmillan, Cham
- Saez-Marti, M., Sjögren, A., 2008. Peers and Culture. Scand. Journal. of Economics 110 (1), 73--92.
- Tabellini, G., 2008b. The Scope of Cooperation: Normes and Incentives. Q. J. Econ. 123 (3), 905--950.
- Verdier, T., Zenou, Y., 2015. The role of cultural leaders in the transmission of preferences. Econ. Lett. 136, 158--161.

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- Verdier and Zenou (2018) "Cultural Leaders and the Dynamics of Assimilation" Journal of Economic Theory
- Whatley and Gillezeau (2011), The Impact of the Transatlantic Slave Trade on Ethnic Stratification in Africa, AEA Papers & Proceedings.

### ***Identity Politics***

We will talk about oppositional identity and identity politics. The standard lecture will explain Carvalho (2013) on veiling and introduce identity politics related to nation-building. We will discuss identity politics both theoretically and empirically. Assigned readings will be a subselection from the following list and the remainder will be suggested as additional reading for the interested student.

- Abramson, Boaz and Moses Shayo (2018) "International Integration and Social Identity" SIEPR Working Paper No. 18-043
- Alesina, Alberto, Bryony Reich and Paolo Giuliano (2018) "'Nation-Building and Education'"
- Austen-Smith and Fryer (2005), An Economic Analysis of "Acting White", Quarterly Journal of Economics
- Bandiera, Oriana; Myra Mohnen, Imran Rasul, Martina Viarengo (2019), Nation-building Through Compulsory Schooling during the Age of Mass Migration, The Economic Journal, Volume 129, Issue 617, Pages 62--109
- Bisin, Alberto & Patacchini, Eleonora & Verdier, Thierry & Zenou, Yves, 2011. "Formation and persistence of oppositional identities," European Economic Review, Elsevier, vol. 55(8), pages 1046-1071.
- Bisin, Alberto, Eleonora Patacchini, Thierry Verdier, Yves Zenou (2016) "Bend it like Beckham: Ethnic identity and integration, European Economic Review, Volume 90, Pages 146-164,
- Battu, Harminder, McDonald Mwale, and Yves Zenou. 2007. "Oppositional identities and the labor market." Journal of Population Economics 20 (3):643-667.
- Cantoni, Davide and Yuyu Chen, David Y. Yang, Noam Yuchtman, and Y. Jane Zhang (2017) "Curriculum and Ideology" Journal of Political Economy 125:2, 338-392
- Carvalho, J.-P. (2013) "Veiling" Quarterly Journal of Economics 128(1).
- Carvalho, Jean-Paul 2016. "Identity-Based Organizations," American Economic Review, American Economic Association, vol. 106(5), pages 410-414, May.
- Clots-Figueras, Irma, Paolo Masella (2013), Education, Language and Identity, The Economic Journal, Volume 123, Issue 570, August 2013, Pages F332--F357
- Fang and Loury (2005), "Dysfunctional Identities Can Be Rational", AEA Papers & Proceedings
- Guiso, L., Herrera, H. and Morelli, M. (2016). Cultural Differences and Institutional Integration", Journal of International Economics, 99: S97-S113.
- Hauk, Esther and Javier Ortega (2020) Schooling, Nation Building and Industrialization

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- Fouka, Vasiliki (2020) Backlash: The Unintended Effects of Language Prohibition in U.S. Schools after World War I, *The Review of Economic Studies*, Volume 87, Issue 1, Pages 204--239
- Grossman, Gene, and Elhanan Helpman. 2018. Identity Politics and Trade Policy. CEPR Discussion Paper 13367.
- Keith E. Schnakenberg (2014), "Group Identity and Symbolic Political Behavior", *Quarterly Journal of Political Science*: Vol. 9: No. 2, pp 137-167.
- Pan, Jennifer and Yiqing Xu (2018) "China's Ideological Spectrum" *The Journal of Politics*, Volume 80 Number 1
- Voigtländer, Nico and Hans-Joachim Voth. 2015. "Nazi indoctrination and anti-Semitic beliefs in Germany," *PNAS*, vol. 112(26), pp.7931-7936

### ***Culture and Institutions***

We will discuss how culture affects institutions and vice versa and look at some empirical examples and at models where both evolve jointly. Assigned readings will be a subselection from the following list and the remainder will be suggested as additional reading for the interested student.

- Alesina, Alberto, Paola Giuliano, and Nathan Nunn. 2013. "On the Origins of Gender Roles: Women and the Plough," *Quarterly Journal of Economics*, vol. 128(2), pp.469- 530.
- Alesina, A. and Giuliano, P. (2015). "Culture and Institutions", *Journal of Economic Literature*, 53(4): 898-944.
- Becker, Anke, "On the Economic Origins of Constraints on Women's Sexuality," 2019. Working paper, Harvard University.
- Benabou, Roland; Armin Falk and Jean Tirole (2019) "Narratives, Imperatives, and Moral Persuasion"
- Bidner, Chris and Patrick Francois (2011) "Cultivating trust: Norms, institutions and the implications of scale" *The Economic Journal*
- Binzel, Christine and Jean-Paul Carvalho, (2017) Education, Social Mobility and Religious Movements: The Islamic Revival in Egypt, *The Economic Journal*, Volume 127, Issue 607, Pages 2553--2580,
- Bisin and Verdier (2017) "On the joint evolution of culture and institution" NBRE working paper 23375
- Enke, Benjamin (2019) "Kinship, Cooperation and the Evolution of Moral Systems. *Quarterly Journal of Economics*
- Greif, Avner, "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies," *Journal of Political Economy*, 1994, 102 (5), 912--950.
- Greif Avner and Guido Tabellini, (2010) "Cultural and Institutional Bifurcation: China and Europe Compared," *American Economic Review*, , 100 (2), 135--140

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- Hauk, Esther, Mónica Oviedo and Xavier Ramos (2017): Perception of Corruption and Public Support in Latin America Barcelona GSE Working Paper Series nº 974
- Lowes, Sara and Montero, Eduardo (2018) "Concessions, Violence, and Indirect Rule: Evidence from the Congo Free State"
- Lowes, Sara ; Nathan Nunn James A. Robinson and Jonathan L. Weige (2017) "The Evolution of Culture and Institutions: Evidence From the Kuba Kingdom" *Econometrica*, Vol. 85, No. 4 1065--1091
- Nunn, Nathan, "The Long-Term Effects of Africa's Slave Trades," *Quarterly Journal of Economics*, 2008, 123 (1), 139--176
- Penn, E. (2008) "Citizenship versus Ethnicity: The Role of Institutions in Shaping Identity Choice", *The Journal of Politics*, Page 1-18
- Wu, Jianbin (2017) "Political Institutions and the Evolution of Character Traits" *Games and Economic Behavior* 106 (2017), 260-276

### ***Identity, Institutions and Conflict***

The standard lecture will explain some models of ethnic conflict and how institutions affect the situation. We will discuss some empirical papers. Assigned readings will be a subselection from the following list and the remainder will be suggested as additional reading for the interested student.

- Caselli, Francesco and Wilbur John Coleman, II, On The Theory of Ethnic Conflict, *Journal of the European Economic Association*, Volume 11, Issue suppl\_1, 1 January 2013, Pages 161--192
- Esteban and Ray (2008) "On the Saliency of Ethnic Conflict" *American Economic Review*, 98 2185--2202.
- Esteban and Ray (2011) "A Model of Ethnic Conflict" (with Debraj Ray), *The Journal of the European Economic Association*, 9, 496--521
- Heldring, Leander (Accepted at) *The Review of Economic Studies*, The Origins of Violence in Rwanda
- Moscona, Jacob; Nathan Nunn, and James A. Robinson (2018) "Kinship and Conflict: Evidence from Segmentary Lineage Societies in Sub-Saharan Africa, NBER Working Paper No. 24209
- Rohner, Thoenig and Zilibotti (2013) "War Signals: A Theory of Trade, Trust and Conflict", *Review of Economic Studies*
- Sambanis and Shayo (2013), *Social Identification and Ethnic Conflict*, *American Political Science Review*.
- Yanagizawa-Drott, David (2014), *Propaganda and Conflict: Evidence from the Rwandan Genocide*, *The Quarterly Journal of Economics*, Volume 129, Issue 4, Pages 1947--1994

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### ***Foreign influence***

Finally, we will discuss the interests and different attempts by foreign powers to influence institutions and culture abroad using Aidt, Albornoz and Hauk (accepted at Journal of Economic literature) as a starting point. We will also talk about how ideology matters to motivate interventions. Assigned readings will be a subselection of the references in the JEL paper.

- Aidt, Toke; Facundo Albornoz and Esther Hauk (accepted for publication) "Foreign influence in domestic policy", Journal of Economic Literature and references therein
- Albornoz, Facundo and Esther Hauk (2014) Civil War and U.S. Foreign Influence Journal of Development Economics Volume 110: 64--78 and references therein

**Grading:** Students have to hand in a final paper of about 10 pages that will count 70% of the grade. The paper can be theoretical, empirical or a combination of both and can take the form of a proposal or a completed paper. 30% of the grade will be based on participation in class discussions based on the assigned readings

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