

Summer semester 2015

Katrin Schmelz

Bachelor Seminar

“How Culture/Society Affects Preferences: Theories and Applications”

Summary of course content

(How) does cultural/societal background influence people's preferences and thereby decisions? Economists have traditionally been reluctant to consider culture as a potential determinant of economic decisions. While preferences have been treated as exogenously given for a long time, recent evidence shows that society can have an endogenous impact on preferences which is likely to have important economic consequences.

This course consists of three parts. *First*, we will motivate why considering culture is interesting to economists (or not), and we will discuss definitions of and perspectives on culture. *Second*, you will learn about a selection of theoretical frameworks that relate culture or society to economic behavior. *Third*, each student will apply one of those theories to explain empirically observed societal differences in behavior. This observation can be taken from an experimental study, but you are also free to come up with your own application.

Dates

- April 17, 10:00-11:30 (F208): Background and topics assignment
- May 21/22 (TWI Kreuzlingen): Presentations of theoretical frameworks
- June 18/19 (TWI Kreuzlingen): Presentations of application ideas

Preconditions

- Basic knowledge of game theory

Requirements

- Preparations of and activity during seminars. (10%)
- Presentation (max. 45min) and discussion of a theory. I recommend to work in groups of 2 - 3 students on the same theory (each student presents about 15 minutes). The presentation should convey the intuition of the theory instead of technical details. (25%)
- Critical discussion (about 5min) of another student's theory presentation. Accordingly, each student has to be well-prepared for a second theory. (10%)
- Presentation and discussion (max. 30min) of your application idea. (25%)
- Critical discussion (about 5min) of another student's application idea. (10%)
- An outline of 3 pages which will serve as the structure for your bachelor thesis: How are you planning to apply a cultural theory to explain an empirically observed differences in behavior? (20%)

Part 1: Motivation and background

- Henrich, J., Heine, S. J., & Norenzayan, A. (2010). The Weirdest People in the World? *Behavioral and Brain Sciences*, 33(2-3), 61-83.
- Guiso, L., Sapienza, P., & Zingales, L. (2006). Does Culture affect Economic Outcomes? *Journal of Economic Perspectives*, 20(2), 23-48.

Part 2: Theoretical frameworks

- Akerlof, G. A. & Kranton, R. E. (2000). Economics and Identity. *Quarterly Journal of Economics*, 115(3), 715-53.
- Bisin, A., & Verdier, T. (2001). The Economics of Cultural Transmission and the Dynamics of Preferences. *Journal of Economic Theory*, 97(2), 298-319.
- Fernandez, R. (2013). Cultural Change as Learning: The Evolution of Female Labor Force Participation over a Century. *American Economic Review*.
- Kuran, T., & Sandholm, W. H. (2008). Cultural Integration and its Discontents. *Review of Economic Studies*, 75(1), 201-228.
- Tabellini, G. (2008). The Scope of Cooperation: Values and Incentives. *Quarterly Journal of Economics*, 123(3), 905-950.

Part 3: Some potential topics for applications (non-exhaustive)

- Bernhard, H., Fischbacher, U., & Fehr, E. (2006). Parochial Altruism in Humans. *Nature*, 442(7105), 912-915.
- Bohnet, I., Greig, F., Herrmann, B., & Zeckhauser, R. (2008). Betrayal Aversion: Evidence from Brazil, China, Oman, Switzerland, Turkey, and the United States. *American Economic Review*, 98(1), 294-310.
- 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(11-12), 1373-1376.
- Eugster, B., Lalive, R., Steinhauer, A., & Zweimueller, J. (2011). The Demand for Social Insurance: Does Culture Matter? *Economic Journal*, 121(556), F413-F448.
- Gächter, S., Herrmann, B., & Thöni, C. (2010). Culture and Cooperation. *Philosophical Transactions of the Royal Society B-Biological Sciences*, 365(1553), 2651-2661.
- Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H., McElreath, R., Alvard, M., Barr, A., Ensminger, J., Henrich, N. S., Hill, K., Gil-White, F., Gurven, M., Marlowe, F. W., Patton, J. Q., and Tracer, D. (2005). "Economic Man" in Cross-Cultural Perspective: Behavioral Experiments in 15 Small-Scale Societies. *Behavioral and Brain Sciences*, 28(6), 795-855.
- Jakiela, P. (2011). Social Preferences and Fairness Norms as Informal Institutions: Experimental Evidence. *American Economic Review*, 101(3), 509-513.
- Roth, A. E., Prasnikar, V., Okuno-Fujiwara, M., & Zamir, S. (1991). Bargaining and Market Behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An Experimental Study. *American Economic Review*, 81(5), 1068-1095.