Economics 1018  
Cultural Economics  
Syllabus Fall 2013  
Catalog number: 1775

Class Times: Tuesday and Thursday, 10-11.30  
Location: Sever Hall 103

Instructor: Alberto Alesina, aalesina@harvard.edu;  
Office Hours: Thursdays 1:00pm to 3:30 pm, Littauer 210

Teaching Assistants:  
Gal Wettstein (gal.wettstein@gmail.com)  
Danial Lashkari (daniall@gmail.com)  
Office hours: Lashkari: Tuesday 4-6pm Littauer G26  
                   Wettstein: Tuesday 3-5pm; Wednesday 2-4pm Littauer G26

Faculty Assistant: Kristen Lynch klynch@fas.harvard.edu Littauer 127  
Please schedule an appointment with Kristen for OH in order to avoid long waits.

Course Description  
This course explores a new line of research in economics looking at the impact of culture on economic outcomes. This new and burgeoning literature combines empirical evidence on how to measure culture and its impact on economic outcomes with theoretical work looking at how heterogeneity of preferences affects economic choices and where those differences come from. Throughout the course there will be an interplay between empirical evidence and theory. Theoretical topics include social interactions, the importance of the family, attitude towards work, trust, individualism vs. altruism, comparing U.S. vs European economic cultures, etc. Empirical applications include international investments, savings, occupational choices, economic development, the organization of the family, and fertility decisions. Since cultural economics is a new area of study, we will come fairly quickly to the frontiers of knowledge, which holds the prospect that you can make an innovative contribution with your final paper, should you decide to write one. A secondary goal of this course is to teach you how to work with data and how to use basic empirical tools. By the end of the course, you should be able to use the empirical techniques you have learned in class and apply them in new ways. These tools will greatly help those who are writing or who plan to write a senior thesis.
Prerequisites

Many of the papers will be empirical in nature; a basic understanding of statistics and econometrics will be necessary. You should be familiar with the concept of OLS regressions and the use of instrumental variables. There will be sections devoted to reviewing some basic econometric concepts. You should also be able to use some statistical software, as one of the requirements will be an empirical exercise. The software that I will be using in class is Stata and there will be help provided. Some other papers will be theoretical, we will focus more on the intuition of those papers, but you should be familiar with the basic concepts of an intermediate-level microeconomics class.

Class requirements for this class are: Econ 1010a or 1011a, and Econ 1123. If you have not taken these courses but still wish to take the course, please see me.

Course Requirements

Your final grade will be based on:

Two midterms
There will be two midterms covering the material in lectures and readings up to the lecture before the midterm. The questions will be short essays.
Dates October 1st and November 12th. The first mid-term will cover all the material up to September 26th. The second mid-term will cover the material from October 13th to November 7th. The final will cover the whole semester’s material.

Empirical assignment
I will distribute a dataset to the class: the World Value Survey with the codebooks that describe these data. The assignment will require you to implement some simple statistical manipulations with the WVS. You will be expected to interpret your results and explain the methods used. To give you guidance in empirical methods, I will devote the class meetings on October 15th and October 24 to teaching you about STATA and the WVS. On October 24th, we will hand out the assignment which is due on November 19th.

Final paper and exam
You will be given the option to choose between a final paper or a final exam covering the entire semester of material the last day of class. For the paper, you have an extremely wide scope to choose any topic related to cultural economics.
You can: i) provide a simple new empirical project that asks an innovative question; the empirical exercise using the WVS may give you ideas; No delay accepted. The paper satisfies the writing requirement. 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 T.A.s about your paper at any stage of your project. The paper is due the first day of the exam period, which is Dec. 12th this year.

Class Presentation (times to be adjusted depending on the number of students writing papers and interested in presenting). The last two classes will be devoted to hearing about students’ paper projects. During these two classes, each student will make a 10-15 minute presentation to the class; the presentation will be followed by 5 minutes of discussion time to allow you to gather feedback from your peers.

Grading

Exams
Midterm exams worth 40% (total)
One final exam or a paper worth 45%
Empirical assignment worth 15%
The midterm exams and the final exam will take the form of a few short essay questions.

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 to satisfy the writing requirement.

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 not be enough; additional material may be covered in class. Missing classes (or sleeping during them) is not recommended and will definitively lower your performance in the exams and/or paper.
Sections

There will be several sections (dates TBA) to help you with review of basic econometrics, the empirical exercise, exam preparation and paper writing.

Readings

Most of the readings are available on line. I will post the link or the pdf file for each article on the class web-page. Lecture notes will be posted on line.

We will read in full the following books which have been ordered at the Coop:


Outline of Lectures (topics subject to change)

Culture and Economics: Overview

Class 1 (Tuesday, September 3)


Social Capital

Classes 2 and 3 (September 5 and 10)


Culture and Economic Growth

Classes 4 & 5 (September 12 and 17)


Trust, Culture, and Markets

Classes 6, 7 & 8 (September 19, September 24 and September 26)


Class 9 (October 1): First mid-term

The State and Redistribution

Classes 10, 11,12 (October 3, 8,10)


Tutorial on the use of Stata

Class 13: October 15

The Family and Cultural Transmission (1)

Classes 14, 15 (Oct 17, and 22 )

The Quarterly Journal of Economics, 115 (3): 955-988


Manipulation of WVS

Class 16 (Oct 24)

Family and Cultural Transmission (2)

Class 17 (Oct 29)


Cultural Diversity

Classes 18 & 19 (October 31, November 5)


**Religion**

Class 20 (Nov 7)


**Class 21 (NOV 12)** **Second midterm exam**

Classes 22, 23 (November 14, 19)

**Where does culture come from?**


Class 24 (nov 21)

**Experimental Evidence**


Class 24, 25 (Nov. 26 and Dec. 3)

**Students’ presentations of papers**

**Final Exam: December 3rd**