

# Economic Development Discussion Group

(Spring 2024, Peking University)

Culture, Psychology, Technology, and Market in Economic Development

(Part II)

## Logistics:

Meeting time: 18:30-21:30 Monday (weekly), from March 4 to June 3, 2024

Room: Chengze Garden, Room 249

## Organizers:

Lixing Li (email: [lilixing@nsd.pku.edu.cn](mailto:lilixing@nsd.pku.edu.cn)), Rudai Yang (email: [rudaiyang@gmail.com](mailto:rudaiyang@gmail.com)),  
Junjian Yi (email: [junjian.yi@gmail.com](mailto:junjian.yi@gmail.com))

## Overview:

This is the second part of the discussion group “Culture, Psychology, Technology, and Market in Economic Development” started from spring 2023. In this part, we focus on advanced economics literature on topics including cultural heterogeneity, as well as cultural and psychological factors related to social interactions—such as social preferences and norms—in economic development.

The goal our discussion group is to enrich our knowledge on research advances, stimulate intellectual curiosity, generate intellectual insights, and identify policy challenges, which are combined to help us prepare for high-quality research in relevant areas.

On the theme, we will discuss a series of latest research papers, which will bring about insights for us to have a deeper understanding of the following questions:

- During the process of marketization and economic transition in a developing economy, how do formal institutions interplay with informal institutions, including cultural factors such as social norms, perceptions, values, and psychological traditions?
- What are the equilibrium consequences of such interplay between formal and informal institutions for economic development and inequality? For example, do cultural and psychological factors cause frictions and market failures? Are these frictions and market failures second-best given the development stage of an economy, or do they impede economic development? Can some informal institutions compensate for the absence of well-functioning product, labor, health and healthcare, financial, insurance, energy, and land markets?
- At both micro and macro level, what are the determinants of people’s preferences and

beliefs? What are potential channels through which economic development and public policies change cultural and psychological factors?

- What is behind some special features of the traditional culture and psychology in China (and other East Asian economies)? After all, some cultural factors in East Asia are similar to those in the Weirdest countries (e.g., high patience),<sup>1</sup> while others more similar to those in most less developed countries (e.g., kinship-based social norms). How did these features contribute to the growth miracle during the past decades, and what implications do they have for future development?
- The rapid technological progress has made substantial changes in the economic equilibrium. During this progress, how can new technologies (e.g., automation and artificial intelligence) reshape people's perceptions, interplay with traditional cultural and psychological features, and induce new equilibrium outcomes at both micro and macro levels?

Most papers in our reading list are empirical (reduced-form or structural) papers. There are also several influential theoretical papers for your reference. For presentations, we mainly choose papers that have been published at Top 5 journals within five years. We also include some old papers and non-Top-5 papers which are highly cited, and some of which are milestone papers for relevant research topics.

### **Requirements:**

We welcome both PhD students and undergraduate students to participate in our discussion. In each 3-hour meeting, we would use the first two hours for a paper presentation, and the third hour for an open discussion, in which all participants are encouraged to provide their comments and thoughts on the presented paper or related topics.

All PhD student participants at PKU are encouraged to present a research paper in our reading list.<sup>2</sup> For each paper, the presenter is supposed to introduce the authors and their research, and give a brief review on related research lines in the literature before going to the details of the paper. Please contact Haochen Zhang ([zhanghc@pku.edu.cn](mailto:zhanghc@pku.edu.cn)) to register for a presentation.

In the open discussion session, all participants are encouraged to share their thoughts on the following questions: (i) What is the most innovative or attractive point in the paper? (ii) Does the paper have any limitations or unanswered questions? (iii) What can we learn from the paper to benefit our own research in various aspects, such as research ideas, data, empirical methods, execution, and writing?

In the following, we list the papers to be presented each week. The presenter is supposed to structure their presentation around the presented article(s), reviewing the literature related to the research line, and supplementing with valuable references. As our discussion group progresses, we will continually update and expand our reading list.

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<sup>1</sup> Weirdest: Western, educated, industrialized, rich, and democratic. See Henrich (2020) for a comprehensive review.

<sup>2</sup> The papers with an asterisk (\*) are those to be presented and discussed in detail.

## Reading List

### **Week 1 (March 4): Cultural Heterogeneity**

Ek, A. (2024). Cultural values and productivity. *Journal of Political Economy*, 132(1), 295-335.

### **Week 2 (March 11): Culture and the Family (I)**

Becker, G. S., Murphy, K. M., & Spenkuch, J. L. (2016). The manipulation of children's preferences, old-age support, and investment in children's human capital. *Journal of Labor Economics*, 34(S2), S3-S30.

Guo, R., & Zhang, J. (2020). The Effects of children's gender composition on filial piety and old-age support. *Economic Journal*, 130(632), 2497-2525.

### **Week 3 (March 18): Culture and the Family (II)**

Bertrand, M., Cortes, P., Olivetti, C., & Pan, J. (2021). Social norms, labour market opportunities, and the marriage gap between skilled and unskilled women. *Review of Economic Studies*, 88(4), 1936-1978.

### **Week 4 (March 25): Culture and the Family (III)**

Li, H., Rosenzweig, M., & Zhang, J. (2010). Altruism, favoritism, and guilt in the allocation of family resources: Sophie's choice in Mao's mass send-down movement. *Journal of Political Economy*, 118(1), 1-38.

### **Week 5 (April 1): Social Interactions in Education (I)**

Conley, T., Mehta, N., Stinebrickner, R., & Stinebrickner, T. (2023). Social interactions, mechanisms, and equilibrium: Evidence from a model of study time and academic achievement. *Journal of Political Economy*, forthcoming.

### **Week 6 (April 8): Social Interactions in Education (II)**

Kim, S., Tertilt, M., & Yum, M. (2023). Status externalities in education and low birth rates in Korea. *American Economic Review*, conditionally accepted.

### **Week 7 (April 15): Social Interactions at the Workplace (I)**

DellaVigna, S., List, J. A., Malmendier, U., & Rao, G. (2022). Estimating social preferences and gift exchange at work. *American Economic Review*, 112(3), 1038-74.

**Week 8 (April 22): Social Interactions at the Workplace (II)**

Alan, S., Corekcioglu, G., & Sutter, M. (2023). Improving workplace climate in large corporations: A clustered randomized intervention. *Quarterly Journal of Economics*, 138(1), 151-203.

**Week 9 (April 29): May Day Holiday**

**Week 10 (May 6): Social Image**

Butera, L., Metcalfe, R., Morrison, W., & Taubinsky, D. (2022). Measuring the welfare effects of shame and pride. *American Economic Review*, 112(1), 122-68.

**Week 11 (May 13): Intergroup Interactions**

Bursztyn, L., Chaney, T., Hassan, T. A., & Rao, A. (2024). The immigrant next door. *American Economic Review*, 114(2), 348-384.

**Week 12 (May 20): Fairness**

Hvidberg, K. B., Kreiner, C. T., & Stantcheva, S. (2023). Social positions and fairness views on inequality. *Review of Economic Studies*, 90(6), 3083-3118.

**Week 13 (May 27): Morality**

Enke, B., Rodríguez-Padilla, R., & Zimmermann, F. (2023). Moral universalism and the structure of ideology. *Review of Economic Studies*, 90(4), 1934-1962.

**Week 14 (June 3): Flexible**