

Public Finance I

Introduction

As a branch of social science, economics discipline tries to accommodate topics traditionally classified as those of other disciplines such as sociology, political science, and so on. (The same is true in other disciplines.) In this unit, we will try to deal with so called social economics.

Economics discipline usually takes the preferences as given, and tries to explain cross society differences by their differences in economic environments. That is, similar individuals make different choices as the environments are different, and that is why we observe differences in societies. But, close investigation of cross country differences sometimes makes us admit some differences in people's preferences. It remains a question how these preferences are formed and evolve and how they interact with economic environments. This unit is a trial to see this aspect.

Instructor

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Content

We will use

Behhabib, Jess, Alberto Bisin, and Matthew O. Jackson, "Handbook of Social Economics", North-Holland as a reference (BBJ)

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Topics to be covered

- I. Nature vs Nurture

BBJ chapter I.

2. Social Capital

- A. Individual Assets

Bourdieu, Pierre (1986) "The Forms of Capital"

Glaeser, Edward, David Laibson, and Bruce Sacerdote (2002), "An Economic Approach to

Social Capital", The Economic Journal, 112, pp.F437-F458.

Coleman, James. (1988) "Social Capital in the Creation of Human Capital", American Journal of Sociology.

B. Community's Assets or Trust

Robert D. Putnam (1995) "Bowling Alone: America's Declining Social Capital", Journal of Democracy

Knack, Stephen and Keefer, Philip (1997), "Does Social Capital Have an Economic Payoff?", Quarterly Journal of Economics, 112(4), pp.1251-1288.

Algan and Cahuc (2010), "Inherited Trust and Growth", American Economic Review

C. Equilibrium Arrangements

Mailath and Postlewaite (2006), "Social Assets", International Economic Review

Fang (2001), "Social Culture and Economic Performance", American Economic Review

3. Cultural Transmission

Bisin, A. and T. Verdier (2000) "Beyond the Melting Pot: cultural Transmission, Marriage, and the Evolution of Ethnic and Religious Traits", Quarterly Journal of Economics.

Bisin, A. and T. Verdier (2001) "The Economics of Cultural Transmission and the Evolution of Preferences." Journal of Economic Theory.

Bisin, A., G. Topa, and T. Verdier (2004) "Religious Inter-marriage and Socialization in the United States." Journal of Political Economy

Fernandez, R., A. Fogli, and C. Olivetti (2004) "Mothers and Sons: Preference Formation and Female Labor Force Dynamics." Quarterly Journal of Economics

4. Epidemiological Approaches

BBJ chapter 11.

Fisman and Miguel (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets", Journal of Political Economy

Fernandez and Fogli (2009). "Culture: An Empirical Investigation of Beliefs, Work and Fertility," American Economic Journal: Macroeconomics.

Luttmer and Singhal (2011). "Culture, Context, and the taste for Redistribution" American Economic Journal: Economic Policy.

Kim and Lee (2020). "Son Preference and Fertility Decisions: Evidence from Spatiotemporal Variation in Korea" Forthcoming in Demography.

5. Social Norms

Young and Burke (2001), "Competition and Custom in Economic Contracts: A Case Study of Illinois Agriculture," American Economic Review.

Burke, Fournier, and Prasad (2010), "Geographic Variations in a Model of Physician Treatment Choice with Social Interactions," Journal of Economic Behavior and Organization.

6. Long Term Persistence

Acemoglu, Johnson, and Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation" American Economic Review.

Alesina, Giuliano, and Nunn (2013), "On the Origins of Gender Roles: Women and the Plough" Quarterly Journal of Economics.

Guiso, Sapienza, and Zingales (2016), "Long Term Persistence," Journal of European Economic Association.

Nunn and Wantchekon (2011), "The Slave Trade and the Origins of Mistrust in Africa", American Economic Review.

7. Culture and Regulation

Aghion, Algan, and Cahuc (2008), "Can Policy Interact with Culture? Minimum Wage and the Quality of Labor Relations," IZA Discussion Paper No.3680.

Aghion, Algan, Cahuc, and Shleifer (2010), "Regulation and Distrust", The Quarterly Journal of Economics

8. Ethnic capital or neighbourhood effects

Borjas (1992) "Ethnic Capital and Intergenerational Mobility", The Quarterly Journal of Economics

Borjas (1995) "Ethnicity, Neighborhoods, and Human Capital Externalities", American Economic Review

Chetty, Hendren, and Katz (2016), "Moving to Opportunity", American Economic Review

Chetty and Hendren (2017), "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effect", mimeo.

Assessment

Class Participation (20%): read the papers and actively participate in class discussion.

Presentation (30%): present a paper in the list

Research Proposal or Exam (50%): submit own research proposal by the end of the class