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## Values, culture, and national identity in economics

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## *English summary*



## **ENGLISH SUMMARY**

This thesis addresses several key related issues in the social sciences that have become more prominent over the past decades. Countries, firms, and people have become increasingly interconnected in today's globalized world. Yet the benefits of globalization end up with only a lucky few. Whilst boundaries of nation states fade, nationalist sentiments are on the rise. For some, a shared heritage, common descent, and national traditions have become important prerequisites for membership of a community, whereas others view civic liberties, religious freedom, and openness as key. Not more than half a century ago, the village where you were born determined the community to which you belonged. Yet increasingly, people seem to struggle to connect to the community that they were born into, now that the location of that community no longer defines their sense of belonging. Citizens can easily connect to people who share the same ideas through the internet, while they might not even know or distrust their own neighbours. Mainstream and social media increasingly shape the public opinion. Sometimes, issues attract a disproportionate level of attention and polarize public opinion.

Considering these developments, we might wonder whether we can still cooperate and work together towards a shared, common good, when the local community and local ties are losing their strength? Or, when countries become increasingly diverse, is it still sensible to view culture as something that differs between countries rather than within? And, given that borders fade, is there still such a thing as a common national identity, and if so, with whom do we share this identity?

Social scientists have been preoccupied with these questions in the last couple of decades. However, much of this academic work is fragmented, and often pertains to one discipline alone. Literatures and methodologies are dispersed, rather than combined into an interdisciplinary perspective. In this thesis, I therefore analyse the above posed questions from an interdisciplinary perspective. I combine insights and methodologies from multiple social sciences (economics, political science, philosophy, and sociology) to study the role of values, norms, culture, and national identity in economics using large scale, social survey data.

It is good to point out that there is a tension between the individual and collective embedded in large scale, social survey research. This tension is theoretical in nature and moves beyond individual disciplines. It is rooted in the nature of social constructs such as values, social norms, culture, and national identity. How can we draw conclusions about something that cannot be observed? Even though we can measure what people find important and use the average of these responses as indication of what the collective values, we lose information in this process of aggregation. Information on individuals that are not average, but are positioned at the ends of the distribution for example. Or information that describes the interaction between the individual and the collective. Considering this tension, each chapter of

the thesis takes a different perspective on the relation between the individual and collective.

**Chapter 2** combines insights from (institutional) economics and social philosophy to study civic norm conformity. Civic norms arise when people cooperate and contribute to the public good, rather than free riding and following one's individual incentives. Examples include participation in voluntary organizations, putting garbage in the bin in public spaces, or paying a fare when using public transport. Conformity to a civic norm arises when individuals expect that others also adhere to the civic norm in question.

The concept of civic norms received a lot of attention in (institutional) economics since the seminal paper of Knack and Keefer (1997). Empirical investigations into the effects and drivers of civic norm conformity exist manifold. Whilst expectations of and towards others are recognized in the academic literature on civic norms, I highlight that such expectations are often not incorporated in the empirical application of the concept. Building upon Bicchieri's (2006) theoretical framework of social norm conformity, I explore the role of expectations from and towards others for civic norm conformity in Chapter 2.

Central to Bicchieri's theoretical account of social norms are the incentives that motivate individuals to contribute to the common good. Such incentives rely on an individual's belief that others cooperate and on an individual's belief that others think that she will cooperate. These beliefs are called *empirical* and *normative* expectations. Both types of expectations are essential and distinctive properties to infer the existence of a social norm in a group. If both are present, it is more likely that an individual will conform to the respective social norm. Adopting this distinction in Chapter 2, I use a large social survey dataset that includes approximately 160,000 individuals that live in 40 countries in the period 1981-2008 (EVS, 2015) to investigate empirical and normative expectations further.

I operationalise Bicchieri's definition of social norms, and select eighteen survey items that capture a range of civic behaviour. These items can be traced back to nine so-called behavioural rules. For each behavioural rule there is an item that measures normative expectations and a matched item that measures empirical expectations. Bicchieri's framework requires that empirical and normative expectations are both be present for civic norm conformity.

I use an explorative factor analysis to examine whether there is a pattern that underlies the eighteen selected survey items. I find two robust dimensions that reflect normative and empirical expectations respectively. This suggests that normative and empirical expectations are two distinctive dimensions of civic norm conformity. A norm-abiding citizen seemingly contributes to the many different facets of the common good. Building upon this result, I subsequently examine whether the dimensions have different consequences. I relate both dimensions to trust,

conditional on the socio-demographic characteristics of the respondents. The findings illustrate significantly different effects for normative and empirical expectations.

The main results show that by focusing only on normative expectations, (institutional) economics has provided an equivocal measure of civic norms, whose outcome significantly changes when incorporating empirical expectations. Moreover, normative and empirical dimensions have different consequences when considering their effect on trust. In particular, empirical expectations are relatively more important than normative expectations for civic norm compliance. Overall, the analyses in Chapter 2 question current views on the measurement of civic norms, and social norms in general, in economics. The study is not only relevant for (institutional) economics, but is relevant for social philosophy too as it shows the potential of survey data as a testbed for philosophical theories of norm compliance.

Chapter 2 shows that civic norm conformity is multidimensional at the individual level. While I controlled for differences between countries in the analyses in the chapter, I did not examine the extent to which norms, and by extension values, are shared within or between countries. Models that measure differences in national culture, so called *cross-cultural models*, assume national cultural homogeneity: culture is, within country borders, homogeneous. This assumption is increasingly criticized by evidence of within-country diversity of values and norms. Building upon this evidence, I examine the difference between national culture and individual values and norms in Chapter 3.

Central to **Chapter 3** is the key concern that is leveraged against cross-cultural models, namely the tension between the national cultural level and the individual level. I view this issue as rooted in: i) the generally accepted definition of culture as a “configuration of values, of normative principles, and ideals” (Kroeber & Kluckhohn, 1952: 14); ii) the practice of averaging individual responses on survey questions to calculate country scores on national cultural dimensions; and iii) the use of such national cultural dimensions in applied culture research often leading to an *ecological fallacy*. This chapter therefore takes a configurational approach to model individuals’ values and norms, with the ambition to compare countries without imposing national cultural homogeneity.

Leveraging pooled *World Values Survey* and *European Values Study* data of 137,505 individuals that live in 76 countries across the world in the 1990-2009 period, I investigate whether there exist so called *archetypes* of norms and values with which individuals identify more or less. Individuals are unique, yet are by construction characterized by a configuration of archetypes. I find three archetypes that capture individuals’ values and norms in a cross-country setting. I label the first archetype the *liberal*, the second archetype the *traditionalist*, and the third archetype the *conservative-collectivist*.

At the individual level—controlling for differences between countries—I find substantial heterogeneity with respect to the socio-demographic determinants of each archetype. Generation and class appear particularly relevant. Moreover, extending the individual level analysis across countries, I observe marked differences between the probability of finding any of the three individual archetypes in a country. Introducing the term *center of gravity*, I illustrate that countries differ in their relative presence of people leaning towards liberal, traditional, or conservative-collectivist values and norms. Altogether, the chapter illustrates how a (arche)typological approach can advance our understanding of cultural differences across countries, while at the same time acknowledging value diversity at the individual level.

It is important to note that Chapter 3 has by no means the aim to replace existing cross-cultural models. The chapter contributes to the discussion on how to reconcile observed individual level variation in values and norms with the ambition to compare national cultural differences in comparative research. This discussion is heated at times, yet there are only few studies that analyse the two levels of analysis simultaneously as I do in this chapter. Chapter 3 gives several take-aways to researchers that study values and culture at different levels of analysis, or are interested in using cross-cultural models in empirical applications.

The assumption of national cultural homogeneity (as challenged in Chapter 3) implies that each nation has a shared culture and national identity that differs from other nations. According to many, historical ties with a nation's territory and other commonalities shape a unified national identity and culture. Having studied values and norms in Chapter 3, **Chapter 4** investigates national identification. Following upon recent developments like Brexit, the election of Trump, and the increasing support for (right-wing) populist political parties in various European countries, political scientists increasingly investigate national identity and its role in the public domain. Empirical findings on national identity and its relation to public opinion and voting behaviour are however mixed. In Chapter 4 I therefore examine identification with the nation state and its relation to public opinion and voting behaviour. In doing so, I challenge the notion of a unified national identity and develop a novel way to measure national identification.

The theoretical starting point of Chapter 4 is the notion that individuals identify with the nation state on various grounds, that is, with various characteristics of the nation state. Some people might identify strongly with the nation state through its symbols and traditions, whereas others identify strongly through the civic liberties of the nation state. I theorize that there exist a limited number of *ideal types* that best capture the *sources of identification with the nation state*. Using a unique and representative dataset of more than 4,000 respondents living in the Netherlands in 2018, I take an explorative approach to measure the sources of identification with the nation state. In contrast to existing literature, I remain agnostic about the way

in which identification is shaped and do not impose any a priori categorization. I use archetype analysis to construct the ideal types.

I find three ideal types: (1) the *ethnic* type, who identifies strongly with traditions, symbols, and history; (2) the *civic* type, who identifies with one's country on grounds of civic liberties and religious freedom; and (3) the *indifferent* type, who does not identify strongly with the nation state via any characteristic. The first two labels trace back to Kohn's conceptualization of national identity. However, this is the first study to corroborate Kohn's conceptualization in an explorative, large scale-social survey setting.

The majority of the sample (about 40%) identifies predominantly with the ethnic ideal type. The civic and indifferent ideal types most often occur in combination with the other two ideal types. Only a minority of our sample identifies fully with one of the three ideal types. Moreover, the results show that the ideal types are heterogeneous with respect to socio-demographic characteristics. Age, education, and country of birth yield the largest disparities between the ideal types.

I use the robust and validated ideal types subsequently to examine the relation between national identification, public opinion, and voting behaviour. The main results show that individuals that identify strongly with the ethnic type are attached to their traditions and customs, such as *Sinterklaas* and Christian holidays. At the same time, this group is afraid of changes to the community as a result of immigration and internationalization (i.e., European integration). Moreover, they are more likely than other respondents to vote for a (authoritarian-)populist political party. Civic adherents on the other hand, perceive immigration and internationalization as strengthening developments that enrich their community. They are more likely than other respondents to vote for a (libertarian-)pluralistic political party .

Altogether, the findings of Chapter 4 suggest that there exists a strong and persistent tension between the ethnic and civic ideal type. The strength of identification explains the intensity of discussions surrounding national identity; the stronger individuals identify with one source of national identification, the stronger opinions polarize. At the same time, it is important to realize that polarization between the ethnic and civic adherents crystallizes at the extreme ends of the value space, where only a minor part of our sample can be positioned.

In conclusion, this thesis has taken multiple perspectives to examine norms, values, and national identity in economics. I drew on theoretical insights from economics, social philosophy, and political and social sciences throughout the thesis. Moreover, I relied on large-scale, social survey databases in combination with various data analysis techniques, such as archetypal analysis. Big data, or large-scale social surveys, pose challenges for the social sciences, but also many opportunities that are yet to be explored. For example, dynamic large-scale, individual level analyses can yield valuable insights in the formation and change of values and norms in today's

globalized societies. Other extensions of this thesis lie in studies on the nature of national identification, the theoretical mechanisms that lie at the heart of it, and how this relates to values, norms, and other opinions of individuals. The use of novel techniques, such as archetypal analysis, can advance our understanding of such topics and trends. This thesis motivates other scholars to take similar approaches to further understand the complexity of our contemporary societies. In my opinion, a dynamic approach that combines different (inter)disciplinary perspectives is the most promising.