

INSTITUTIONS AND THE IMAGE OF LIMITED GOOD:

Did past institutional frameworks influence the spread of the belief in a zero-sum game?

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Long Abstract

Introduction

The interactions between institutions and culture have attracted great scholarly attention, especially with respect to the economic effects of their joint evolution. The most important findings have been obtained by studying the impact of trust and social capital on economic development and the role played by institutions in influencing the formation of trust among people (see, for instance, Tabellini 2010).

However, even other cultural elements may significantly impact on economic prosperity. Among these, the ‘Belief in a zero-sum game’ (BZSG) surely deserves greater consideration. The BZSG is the belief that only a finite amount of goods exists in the world and is not expandable, and therefore growth is impossible; consequently, if one individual improves her conditions, some other individual must suffer an equivalent loss, as it occurs in a zero-sum game. This mentality drives people to distrust cooperation and provokes significant negative effects on economic development (see, for instance, Sirola and Pitesa 2017). Despite its harmful nature, this mindset is the result of human evolution; our mental architecture developed during thousands of years in which resources were effectively limited, and this mental framework provided us the instincts necessary to survive (Boyer and Petersen 2018).

We can consider the BZSG as the original mentality, shared by all our ancestors. A decisive historical breakthrough, which allowed humans to enjoy the outstanding economic growth of the last few centuries, was the abandonment of this worldview in favor of an attitude focused on progress and innovation (Mokyr 2017). Given that the main driver of this cultural evolution was likely the experience of economic

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development and technological progress, institutional frameworks that hindered economic growth plausibly facilitated the persistence of the BZSG among people (see Sarti 2022).

Aim of the research

The article aims to understand whether it is possible that past institutional frameworks influenced the current spread of the BZSG. It builds on the literature that focuses on the ‘persistence’ of cultural values and norms (see Bisin and Federico 2021).

I concentrate on egalitarian sets of norms, which were adopted by many populations and were arguably responsible for their underdevelopment (Platteau 2000). They may have represented an obstacle to the transition from the BZSG to a cultural attitude focused on growth. Several anthropological studies have highlighted the relationship between these norms and the BZSG (for instance, Foster 1967). The article tries to establish whether the impact of these institutions has endured until today through the culture transmitted to the descendants.

Secondly, this study aims to understand whether the current levels of BZSG among people are related more with historical institutional variables or with contemporary elements such as economic recessions or unemployment (see Sirola and Pitesa 2017). In other words, it tries to understand whether the BZSG is a highly persistent cultural element or its intensity changes continuously on the basis of recent circumstances.

The direction of the research is therefore set by two questions:

- 1- Do people belonging to ethnicities with an egalitarian past tend to believe in a zero-sum game more than the others?
- 2- Is the intensity of the BZSG related more with historical institutional variables or with contemporary socioeconomic elements?

Methodology

I conduct an empirical analysis, in which the dependent variable is the level of BZSG of the respondents of the World Values Survey (WVS), a global survey conducted during the last three decades in over 90 countries in the world. The respondents are asked to place their views on a scale from 1 to 10, with 1

meaning that they completely agree with the statement “People can only get rich at the expense of others” and 10 with the statement “Wealth can grow so there’s enough for everyone”.

The characteristics of the ethnicities are taken from an extended version of the Ethnographic Atlas (EA), the most widely used source of information on pre-industrialized communities. Giuliano and Nunn expanded the EA with additional data regarding some previously non-considered populations (Giuliano and Nunn 2018).

I match each respondent of the WVS with an ethnicity from the EA, by following two different strategies, based on the self-identification of the person (Enke 2019) and on the language spoken (Giuliano and Nunn 2021). The analysis is, therefore, conducted on two different samples of individuals. I control for several economic and geographical variables, obtained by different datasets, following the examples in the literature. Then I check the robustness of the results.

Relevance of the study

Understanding what could determine the intensity of the BZSG is of great importance for policymakers, who should prevent the spread of this harmful belief. Moreover, the interaction between norms and BZSG likely played a significant role in the process of sustained economic development started a few centuries ago. Therefore, this study could provide the basis for further research in institutional economics.

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