Abstract

This thesis investigates the effect of individual countries’ cultural characteristics on macroeconomic stability. Macroeconomic stability is a general concept that comprises the stable development of several economic parameters – inflation, government budget, external debt, gross domestic product, and others. The mainstream economics investigates these indicators usually as being shaped only by wealth, political stability and institutions. However recently, the economic literature reveals the relationship between some of the individual cultural characteristics – mainly trust – and macroeconomic (in)stability. This thesis is the first attempt to analyze the effect of complex set of cultural characteristics on macroeconomic stability. Through the lens of panel data regression it is shown that the macroeconomic stability is significantly affected by cultural characteristics. In particular, more individualistic countries tend to have lower macroeconomic stability. Furthermore, in countries where people feel stronger fear about uncertainty the macroeconomic stability is also weaker. On the contrary from the previous studies, the positive effect of higher trust on macroeconomic stability is not confirmed.

JEL Classification C33, E03, Z10, Z19

Keywords Macroeconomic stability, Cultural economics, Cultural characteristics, Hofstede, WVS, GLS

Author’s e-mail jitkasenkyrova@email.cz
Supervisor’s e-mail jaromir.baxa@gmail.com