Abstract

In this thesis, we examine the effect of four cultural variables on economic growth using data from World Values Survey, specifically, attitudes toward hard work, family ties, generalized morality, and views regarding the appropriate role of women in society. Compared to the previous studies, we use Instrumental Variable Bayesian Model Averaging (IVBMA) to deal rigorously with model uncertainty, omitted variable bias, and endogeneity of culture at the same time. We consider a number of instruments: genetic distance, legal origins, index of historical prevalence of infectious diseases, predicted trade shares, and historical plough use. Most of them have been widely used in growth economics literature. Examining twenty-nine regressors for forty-six countries, our results point to the importance of cultural variables for economic development. The strongest support receives family ties and attitudes toward hard work. Additionally, we find considerable support for other variables, namely ground frost, soil depth and trade.