



Globalization and the transmission of social values: The case of tolerance



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ARTICLE INFO

Article history:

Received 30 August 2014

Revised 20 February 2015

Available online 2 March 2015

JEL classification:

F01

F10

P45

Z13

Keywords:

Globalization

Tolerance

Social values

Children

Transmission

ABSTRACT

Berggren, Niclas, and Nilsson, Therese—Globalization and the transmission of social values: The case of tolerance

Tolerance – respecting those who are different – is arguably of particular importance in an era of globalization, where a potential for economic, social and personal development is increasingly a function of interaction with others different from oneself. We investigate whether globalization induces parents to want to instill tolerance in their children, the main idea being that this quality would equip children for greater success in a more integrated world. Using a survey measure, we indeed find that globalization enhances the willingness to transmit such social values. More precisely, economic and social, but not to the same extent political, globalization has this effect, as shown by using the KOF Index of Globalization in regression analysis of up to 59 countries. Extreme bounds analysis and outlier tests indicate robustness. Overall, our results suggest that certain kinds of globalization seem able to shape values in ways considered desirable by many. *Journal of Comparative Economics* 43 (2) (2015) 371–389. Research Institute of Industrial Economics (IFN), P.O. Box 55665, 102 15 Stockholm, Sweden; Department of Institutional, Environmental and Experimental Economics (KIE), University of Economics in Prague, Winston Churchill Square 4, 130 67 Prague 3, Czech Republic; Department of Economics, Lund University, P.O. Box 7082, 220 07 Lund, Sweden.

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1. Introduction

Globalization is controversial: while some relate it to trade, freedom and growth, and regard these perceived outcomes as benefits, others believe globalization threatens domestic cultures, social cohesion and stable economies and take a negative position.¹ A first step toward resolving contentious policy issues of this kind is to produce more research on the consequences of

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¹ See, e.g., Fischer (2003).

globalization. Indeed, a growing literature assesses its economic consequences, but knowledge is very limited on if and how globalization affects social attitudes.² We believe we are the first to study whether globalization is related to an important social attitude – the willingness to teach children to be tolerant.³

Tolerance is arguably important in itself: it enables people to lead the lives they want without social and legal disapprobation, which brings about happiness (Inglehart et al., 2013). This is especially important for minorities of different kinds, who may be strongly affected by the attitudes of the surrounding majority in what they feel they can do and be (Corneo and Jeanne, 2009). But tolerance is also related to economic outcomes. Mokyr (1990, p. 12) has studied economic development in a historical perspective and finds that “innovation requires diversity and tolerance”. Florida (2003, p. 11) explains the logic:

Places that are open and possess *low entry barriers* for people gain creativity advantage from their ability to attract people from a wide range of backgrounds. All else equal, more open and diverse places are likely to attract greater numbers of talented and creative people – the sort of people who power innovation and growth.

There is moreover empirical evidence for an association between tolerance, on the one hand, and income and economic growth, on the other.⁴

If globalization is able to foster tolerance, this means that widely embraced social and economic goals can be better achieved by opening up borders, which would be a reason for taking a more positive view of globalization. Why would globalization relate to a willingness to create tolerant societies? We propose two grounds for such an expectation.

First, globalization could influence the values of adults such that they internalize a positive outlook on others who are different. This could come about in different ways, through cultural influences and through economic interaction, where people come to realize that others who are different can be decent and honest.⁵ This in effect means that globalization could instill a taste for tolerance in adults. And if they think that their own preferences are desirable for the new generation, they may consequently, in an “imperialistic” fashion, consider it important for their offspring to be tolerant as well. Second, globalization implies that children likely become more successful in life if they interact freely with others irrespective of characteristics such as gender, ethnicity, nationality, sexual orientation and religion. In a world that is increasingly integrated – economically, socially and politically – tolerance is arguably an important asset for the new generation to have. In meeting people who are different from themselves, both in their home countries and when traveling, studying or working abroad, today’s children will then be better equipped to adapt and make use of their productive talents. Adults who realize this could wish their offspring to be tolerant (irrespective of whether the adults are tolerant themselves), on altruistic grounds. Both of the described mechanisms could be at work and establish a link between globalization and a widespread view that it is important to teach kids tolerance.

We provide an empirical study of whether there is such a link. Our dependent variable is the share of people in different countries that replies that it is important to teach kids tolerance (as reported by the World Values Survey and the European Values Study). Taking a multidimensional perspective, our main explanatory variables of interest, from the KOF Index of Globalization, are economic, social and political globalization and their sub-components. Adding various control variables used in previous studies on tolerance, and performing both cross-sectional, panel-data and first-difference analyses, we indeed find that globalization enhances the willingness to transmit tolerance to children. More precisely, in our cross-sectional analysis, we find that economic and social, but not political, globalization correlate with our tolerance variable. Panel-data and the first-difference analyses largely confirm baseline findings. To further test the robustness of these findings, we conduct extreme bounds analysis (EBA), perform outlier tests, vary the year for which the dependent variable is measured and change the lag length. The EBA confirms the robustness of baseline findings with respect to model specification: in fact, globalization, economic globalization and social globalization are statistically significant at the 5% level in all regressions! Likewise, outliers do not drive the results, and the results stand when years of measurement and lag length are varied. Using an instrumental-variable approach, we find some indications of the relationship between globalization and the willingness to transmit tolerance to children being causal, although this cannot be affirmed conclusively. Lastly, we find some indications of altruism (rather than imperialism) being the more important basis, on average, for parents’ willingness to teach children tolerance: They seem to wish to do so because they think a tolerant outlook will benefit their offspring in the future (not necessarily because they themselves are tolerant). In all, our findings seem to robustly confirm that certain dimensions of the globalization process shape social values about how to bring up children, in ways considered desirable by many.

² Like us, many recent studies make use of a relatively new measure of globalization, the KOF Index (for an overview, see Potrafke, 2015). Some of the studies using this index relate globalization to economic growth (Dreher, 2006; Bergh and Karlsson, 2009), human well-being and life satisfaction (Bjørnskov et al., 2008; Hessami, 2011), inequality (Dreher and Gaston, 2008; Bergh and Nilsson, 2010a), life expectancy (Bergh and Nilsson, 2010b), the protection of human rights (Dreher et al., 2012), female employment (Fischer, 2014) and gender equality (Potrafke and Ursprung, 2012).

³ We define “globalization” as social, economic and political processes that tend toward integrating people, organizations and nations of the world through lower physical or mental transaction costs. We follow Corneo and Jeanne (2009, p. 691) in defining “tolerance” as “respect for diversity”, and Florida (2003, p. 10), who defines it as “openness, inclusiveness, and diversity to all ethnicities, races, and walks of life”.

⁴ See, e.g., Ottaviano and Peri (2006), McGranahan and Wojan (2007), Florida et al. (2008) and Berggren and Elinder (2012).

⁵ There are studies that document an international transmission of norms, e.g., with regard to corruption (Sandholtz and Gray, 2003), obesity (Mendez and Popkin, 2004), education (Huisman and Smits, 2009), the use of child labor (Congdon Fors, 2014) and immigration (Swank and Betz, 2003). Other studies find that television affects values and behavior (e.g., DellaVigna and Kaplan, 2007; Jensen and Oster, 2009).

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