

Title	Worldviews, temptation, and intergenerational altruism
Sub Title	
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Publisher	Keio Economic Society, Keio University
Publication year	2012
Jtitle	Keio economic studies Vol.48, (2012.) ,p.135- 138
JaLC DOI	
Abstract	
Notes	Proceedings : The Proceedings of the "Frontiers of Behavioral and Experimental Economics" Conference
Genre	Journal Article
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260492-20120000-0135

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**WORLDVIEWS, TEMPTATION,
AND INTERGENERATIONAL ALTRUISM**

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This proceedings paper introduces our work in Kubota, Kamesaka, Kubota, and Ohtake (2012b), which presents empirical evidence concerning effects of cultural differences on parents' attitudes toward children from unique U.S. and Japanese survey data based on Bhatt and Ogaki's (2012b) intergenerational altruism model with temptation to spoil the child.¹ These data were collected by the Osaka University 21st Century Center of Excellence (COE) program. These data contain questions concerning worldviews and religions and hypothetical questions about parental behavior as well as socioeconomic variables.

How different generations are connected is an important economic issue with implications for individual economic behavior like savings, investment in human and physical capital and bequests which in turn affect aggregate savings and growth. It also has nontrivial policy implications as in Barro (1974), who has found that there will be no net wealth effect of a change in government debt in the standard altruism model. Infinite horizon dynamic macro models are typically based on the standard altruism model proposed by Barro (1974) and Becker (1974) in which the current generation derives utility from its own consumption and the utility level attainable by its descendant. In

Acknowledgments. We are grateful to conference participants for their comments. This research is supported by Grants-in-Aid for Scientific Research (B) 22330062 from Japan Society for the Promotion of Science.

¹ Bhatt and Ogaki's (2012b) model of temptation is based on Gul and Pesendorfer (2001) and Krusell, Kuruşçu, and Smith (2010).

recent work in this literature such as Akabayashi (2006) and Bhatt and Ogaki (2012ab), Barro-Becker's standard altruism model is modified to analyze parents' discipline behavior.

In a companion paper, Kubota, Kamesaka, Kubota, and Ohtake (2012a), we sought to examine whether or not parents' discount factors affect their attitude toward their children as predicted by these models. In that paper, we used the Osaka University Global COE survey data for Japan and the United States, which continued the survey data we use in the present paper. The main question we asked in the companion paper was how parents' tendencies for tough love behavior depend on various measures of time discounting for parents' own lending and borrowing over different time horizons. We found evidence that is consistent with the tough love model. We also found that parents with debt aversion tend to show tough love. One empirical puzzle we found was that proportionately more U.S. parents show tough love to young children before the school age was higher than Japanese parents even after controlling for time discounting, debt aversion, and other economic and demographic factors. However, in the companion paper, we did not seek cultural differences between the two countries as possible factors that affect parents' attitudes. We examine effects of cultural differences on parents' attitudes in this paper.²

For the purpose of considering cultural differences, we use the concept of worldviews. Here we use the word "worldview" as the explicit and implicit beliefs, norms, logic, and emotions that underlie a culture. The word "worldview" was first used by a book published by Kant in 1790 (Kant, 1987) according to Naugle (2002). Since then the word has been used by many philosophers for the cognitive aspect of how a person views the world. In Anthropology, the word has been used in a broader way to encompass the cognitive, normative, and emotional aspects as reviewed by Hiebert (2008). Hiebert models a culture in three layers. Inspired by Hiebert's model, we model the surface of a culture as the sensory level that includes cultural behavior such as rituals and economic behavior. The next level is explicit belief systems that can include religious belief systems. The deepest level is implicit and contains different ways that people categorize and carry out logic. In the current world with globalization, each person is exposed to different cultures and their underlying worldviews. So each person is thought to attach subjective probabilities to different worldviews.

One possible factor that may help explain the puzzle mentioned above is differences in worldviews in the two countries. In Bhatt and Ogaki's (2012b) model, there are two main ways in which worldviews affect parents' attitudes and behavior. One way is through the confidence of parents in a worldview and beliefs and values associated with it. If a parent is very confident in a worldview, then the parent is more confident in the benefit that the child receives in the long-run from temporal suffering, and more likely to overcome the temptation to avoid the child's short-run suffering. On the other hand, if a parent is not confident about values, it must be difficult for the parent to fight against such temptation.

² See Guiso, Sapienza, and Zingales 2006 for a survey of cultural economics.

The other way in which worldviews affect parents in Bhatt and Ogaki's model is related to how the parent views the return from the parent's behavior to let the child suffer in the short run. In our empirical work, this return is related to how suffering is viewed in different worldviews. For example, there are many Buddhists in Japan while there are many Christians in the United States. Buddhism typically emphasizes deliverance from suffering. This emphasis is consistent with a worldview that suffering does not have a positive meaning such as personal development. This is very different from the Christian worldview in which all knowing, almighty God allowed His only Son to suffer on the cross for the purpose of saving the world. Christians often conclude that their own suffering and other people's suffering were allowed by God for a purpose such as personal development. When a parent feels that it is better in the long run to discipline a child, he is often tempted not to do that because he does not want to see her suffer now. A person with the Christian worldview may find it easier to fight against such temptation than a person with the Buddhist worldview.

In our empirical work, the "Confidence" variables we constructed as proxies for confidence in worldviews exhibit striking differences between Japan and the United States, these variables seem to succeed in quantifying a large cultural difference in Japan and the United States for the dimension of confidence in beliefs. Our empirical evidence indicates that these variables have explanation power for individual and cross-country differences in parents' attitudes toward children, an important economic behavior. Our evidence also suggests that worldviews and religions affect tough love and spoiling love attitudes. The magnitude of the contribution of the "Confidence" variable to the difference in parental attitudes is larger than the contribution of other variables including the dummy variable for being deeply religious in Buddhism.

Effects of some of the religious variables were statistically significant with sizable marginal effects in probit regressions. However, in terms of the contribution to explain international differences in parental attitudes, the "Confidence" variable and some worldview belief variables were much more important than the religious variables.

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