A Role for Cultural Transmission in Fertility Transitions

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Abstract

Cultural variables in economic analysis have recently experienced a strong renewal. This evolution sheds a new light on the old debate between the "Beckerian Model" of fertility and the "Synthesis Model" of fertility. In this paper, I propose a fertility model making the long run evolution of culture endogenous. The whole population is divided into two alternative cultures corresponding to specific preferences for fertility. Parents decide their fertility rate and try to transmit their culture to their children. Differential fertility between cultures gives rise to an evolutionary process while differential effort to transmit the parental culture gives rise to a cultural process. The long run distribution of preferences and the average total fertility rate in the population both result from interactions between these two processes. As a result, a fertility transition cannot appear without productivity shocks in favor of the culture which is not biased toward quantity of children. However, these asymmetric productivity shocks are not always a sufficient condition to undergo a fertility transition.

JEL Codes: D10, J10, Z10

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1 Introduction

The consideration of cultural variables in economic analysis has recently experienced a strong renewal coming from recent availability of rich dataset. These dataset make the concept of culture quantifiable and causality between culture and economic variables testable (see Guiso et al [2006]). Among its multiple implications, this evolution sheds a new light on the old debate between the "Beckerian Model" of fertility and the "Synthesis Model" of fertility. The first one focuses on the economic determinants of fertility. Becker et al. [1973,1976,1988] propose a framework where parents value both the quantity of offsprings and their quality (human capital, wealth, etc.). By maximizing their expected utility subject to a non-linear costs structure, parents face a trade-off between quality and quantity. This fundamental contribution has been followed by major improvements of Galor et al. [1996, 1999], De la Croix & Doepke [2003] etc. The second approach, by Easterlin [1978] and Easterlin et al [1980], proposes the "Synthesis model" of fertility. In this model, agents are utility maximizers à la Becker but culture and social norms are included as determinants of parental utility. Preferences determine individual demands for commodities and children while social norms determine preferences. However, this second approach failed in making endogenous the long run evolution of culture and social norms. As a result, it does not provide a better explanation to the long run evolution of fertility than the Beckerian approach.

In this paper, I argue that interactions between economic and cultural determinants of fertility are at the heart of the long run decrease in fertility. As in the Synthesis Model, culture influences rational fertility behaviors. However, the evolution of economic conditions endogenously shapes the long run dynamics of culture. More precisely, I assume the existence of two alternative cultures in the population. Agents of each cultural group are rational utility maximizers à la Becker. Their preferences are determined by the group they belong to. Belonging to a cultural group consists in adopting the fertility norm of this group and its mode of production. Notice that, I do not explore the determination of the specific norms within each culture but I explore the reasons why such norms can persist over time (or disappear) and their impact on demographic dynamics. In other words, the evolution of culture is endogenous at the scale of the society.

Birdsall [1988] provides an enlightening presentation of the Easterlin’s contributions.
The first culture is called the "Traditional" culture. "Traditionalists" follow an explicit high norm of fertility\(^3\) and adopt a rural mode of production. The second culture is called the "Modern" culture. "Modernists" do not follow any norm of fertility and adopt an industrial mode of production. Historically, this segmentation of the population can be illustrated by religious differences at least in Early Western Europe. This will be discussed in the following section.

The cultural structure of the population results from an endogenous cultural evolution mechanism. This mechanism is based on the theory of endogenous preferences formation and especially follows Bisin and Verdier [2001]. Preferences are acquired through a socialization process. During the first stage of this process, parents try to transmit their culture to their children because they prefer their children to resemble them\(^4\). If this familial socialization fails, children enter a second stage where they adopt the culture of a role model they are randomly matched with. Because parents rationally choose their socialization effort, the cultural heterogeneity characterizing the society crucially depends on economic conditions like the costs of raising children, parental incomes and differential productivity between the modes of production.

In this framework, a productivity shock in favor of the industrial mode of production has an "evolutionary effect" in favor of Traditionalists and a "cultural effect" in favor of Modernists. Indeed, this shock implies an increase in the wealth gap between Modernists and Traditionalists. The cultural deviation\(^5\) becomes more acceptable for Traditionalists because their children would enjoy higher incomes when they adopt the modern culture. Consequently, Traditionalist parents reduce their socialization effort. They also increase their fertility because the total expected utility per child is higher. The reverse is true for Modernists: an increase in their relative income make their children’s cultural deviation more costly. Then they tend to increase their socialization effort. Furthermore, as children are time consuming, they reduce their fertility. So, as Traditionalists increase their fertility while

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\(^3\) In effect, traditionalism can also correspond to cultures and groups characterized by low fertility norms. For example, hunters and gatherers societies do not exhibit high fertility norms despite their evident traditionalism.

\(^4\) Bisin and Verdier [2001] argue that parents prefer to have children adopting the same preferences as their own by using the paternalistic altruism theory. Bergstrom & Stark [1993] give some anthropological fundamentation to explain the imperfect empathy from parents to children.

\(^5\) A cultural deviation occurs when a child adopts a different culture from the parental one.
Modernists decrease their own, the proportion of Traditionalists in the whole population tends to increase: this is called the "evolutionary effect". However, as Modernists rise their socialization efforts while Traditionalists decrease their own, the proportion of Modernists also tends to increase: this is called the "cultural effect".

Interactions between evolutionary and cultural effects imply three major results. First, an asymmetric technological progress in favor of Modernists provokes a fertility transition only when it is combined with a cultural transition making the Modernist culture majoritarian. Second, if Traditionalists are strongly attached to their culture, they will be less sensible to the increase in the wage gap between their mode of production and the Modernists’ one. As a consequence, facing the asymmetric technological progress, they will maintain relatively high socialization efforts\textsuperscript{6}: the cultural effect is weak relative to the evolutionary effect. Then, cultural and demographic transitions will appear later and be achieved more rapidly. Third, in an environment where the Modern mode of production is initially weakly productive and does not experience sufficiently strong improvements, the Modernist culture can disappear in the long run. Conversely, if there exists a strongly biased technological progress in favor of the Modern mode of production, the Traditionalist culture disappears. Notice that this biased technological progress needs not be permanent. It only has to maintain a sufficient wage gap between the two modes of production during a limited period of time. Indeed, the disappearance of a culture is an irreversible event.

The rest of the paper is organized as follows. Section 2 presents the existing explanations to the long run decrease in fertility and the contribution of the present paper to this literature. It also discusses the main evidence in favor of the model’s assumptions. Section 3 presents the model itself, its microeconomic properties and its long run dynamics. Section 4 proposes some numerical examples. Section 5 concludes.

\textsuperscript{6}I assume that facing asymmetric technological progress in favor of Modernists, Traditionalists do not abandon their mode of production despite its growing inefficiency. The persistence of inefficient economic behaviors is reported and explained in many papers like Grusec & Kuckzynski [1997] and Guiso et al [2006]. For instance, Salamon [1992] provides the example of German Catholics in 1840 United States. They adopted a less profitable way to exploit crops than Yankees and had more children on average.


2 Related literature and Stylized Facts

2.1 Related literature

The existing economic literature provides consistent explanations for the appearance and the pace of the fertility transition. Fertility transition in early developed economies is closely related to the Industrial Revolution and the process of urbanization (see Galor [2005a]). Two main explanations are relevant regarding empirical evidence on the fertility transition. The first one lies in the evolution of the wage gap between men and women. Galor & Weil [1996] argue that the great technological progress characterizing the Industrial Revolution reduced the gender wage gap. Higher wages for women increased the opportunity cost of raising children, resulting in lower fertility rates and higher women’s working time. The second main explanation lies in the increase in the demand for human capital. Galor & Weil’s [1999] model helps explain the emergence of the Industrial Revolution and the Demographic Transition. The increase in the rate of technological progress induces a raise of both the parental wealth and the return of investments in children’s human capital. As a result, parents substitute quality to quantity in their demand for children. This major contribution has been followed by papers exploring mechanisms reinforcing the impact of the rise in the demand for human capital on the parental fertility. The rise in life expectancy, changes in the marriage market, income inequalities, the decline in child labor and the natural selection are among the most important ones.

The present contribution is more closely related to Galor & Moav [2002]. In their evolutionary analysis of the Industrial Revolution and the Demographic Transition, they also assume the existence of alternative valuation of children’s quantity: there exist a group which is quantity biased and a group which is quality biased. In the first stage of the evolutionary process, quality biased agents keep an advantage from their higher investments in human capital. Indeed, economy lies in a Malthusian regime where fertility is positively related to income. As quality biased agents are wealthier, they are also more fertile what implies that their proportion increases. However, some externalities between groups imply that quantity

7 Other explanations challenge these two theories. The decline in infant and child mortality has been a major argument of demographers. Becker [1981] proposes that the increase of income is at the origin of the decrease in the fertility. However, these theories appear to be counter-factual (see Galor [2005b]).

8 Galor [2005a, 2005b] provides a very enlightening review of this literature.
biased families enjoy the rise in the average return of human capital investment. Then, they begin to invest in their children’s quality and become wealthier. In turn, they increase their fertility which becomes higher than the quality biased agents’ one. They finally become majoritarian.

In the present paper, cultural transmission is added to purely evolutionary processes. Indeed, contrary to Galor & Moav, I assume that the vertical transmission of preferences from parents to children is not perfect because it is cultural rather than genetic. Furthermore, there also exists an oblique transmission of preferences from the whole society to the children. Then, the model allows for mobility between groups. It implies that, when there exists an asymmetric technological progress in favor of Modernists (not necessarily a permanent one), the Traditionalist group, which is quantity biased, can disappear despite its "natural" advantage in the evolutionary process.

By considering cultural mobility rather than purely evolutionary processes, the present paper allows to consider the major role played, at least in Western Europe, by culture and norms in the relation between industrialization and the long run decrease of fertility.

2.2 Stylized Facts From Early Western Europe

The study of early fertility transitions in Europe from demographers and historians provides evidence linking the appearance of fertility transitions to urbanization, industrialization and secularization. Lesthaeghe & Wilson [1986] explore the fertility transition in Western Europe from 1870 to 1930. They find that the more Catholic the population is, the later the fertility transition. Furthermore, the extent of the agricultural production sector also delays the appearance of the fertility transition and slackens its pace. They argue that industrialization induces a fertility transition only if, in addition, an ethical transition makes births control acceptable.

Van Poppel [1985], Somers & Van Poppel [2003] and Van Bavel & Kok [2005] show that,

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10 In line with L. Berger [1973] and Lesthaeghe & Wilson [1986], the secularization is defined as a process depriving some aspects of the social and cultural life from the religious authorities.
in the Netherlands, the late fertility transition and the late industrialization are due to the predominance of Catholics and Calvinists who were actively opposed to modern limitation of births. Lesthaeghe [1977] studies the Belgian fertility transition. He distinguishes Walloons and Flemish. In both populations, the more industrialized and urbanized areas were also the more secularized ones. Interestingly, Walloons experienced an earlier fertility transition than Flemish. After controlling for the socioeconomic changes in both populations, Lesthaeghe finds that the remaining differences come from differences in secularization: Flemish were more attached to Catholicism which was opposed to births control.

All these studies agree that the dramatic changes in the occupational structure induced by the Industrial Revolution are a very important element to explain the decrease of fertility in Western Europe. However, they argue that secularization has been necessary to experience the fertility transition.

The present paper proposes a simple model enabling to reproduce this stylized fact. Traditionalists can be identified as Catholics and Calvinists. In compliance with their religious culture, they try to respect a high fertility norm and take part to a familial agricultural mode of production. Modernists are not influenced by religious institutions, their fertility choices are not shaped by explicit norms and they take part to the industrial sector.

Secularization of the population is represented by the long run decrease in the proportion of Traditionalists. Indeed, it makes the influence of religious norms decrease at the scale of the whole society. When the asymmetric technological progress in favor of industries is sufficiently strong\(^\text{11}\), the population enters secularization and undergoes a fertility transition. However, this mechanism is conditional to the "intolerance" of Traditionalists\(^\text{12}\) which partly results from the Church ideology. If this intolerance is very high, the population enters in secularization and decreases its average fertility rate much later and at a faster pace\(^\text{13}\).

My results crucially come from two assumptions which are cornerstones of the paper: first, there exists a high fertility norm in the Traditionalist culture, second, Traditionalists

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\(^{11}\) The industrial bias of technological progress during the Industrial Revolution is well documented. See, for instance, Bairoch [1997].

\(^{12}\) "Intolerance" has to be understood as the attachment of an agent to the perpetuation of its culture in his own dynasty. In this paper, Modernists also exhibit intolerance.

\(^{13}\) See Van Heek [1956] for Holland. Appendix 1 provides evidence for Belgium where Flemish provinces are described as more attached to Catholics values which were opposed to births control.
are engaged in rural activities while Modernists are engaged in urban industries.

There exist a large set of evidence in favor of the existence of a high fertility norm in the Catholic and Calvinist cultures as well as in other major monotheistic religions\textsuperscript{14}. Lesthaeghe & Wilson [1986], Somers & Van Poppel [2003] and Van Poppel [1985] find that practicing Catholics and Calvinists in Western Europe until the beginning of the second World War, are characterized by higher fertility rates than the rest of the population. Williams and Zimmer [1990], Adserá [2004], Amin et Al [1997] and Baudin [2008] show that religiosity measured by church attendance has a positive and significant impact on fertility. With alternative measures, Janssen & Hauser [1981] and Hacker [1999] find the same result\textsuperscript{15}.

Lesthaeghe & Wilson [1986] indicate that high fertility rates in Catholic populations in early Western Europe come, in part, from the adequacy between the Catholic concept of familial solidarity and the labour intensive rural mode of production that was glorified by the Catholic Church. In religious families, children are a source of labor force, they take part in the familial production until they get married and start their own familial production. This adequacy between the Traditionalist culture and the familial mode of production is at the center of my second main assumption. Traditionalists are assumed to adopt a rural activity, namely a labor intensive agriculture or a family proto industry, and Modernists adopt an urban and industrialized activity\textsuperscript{16}. For instance, Van Heek [1956] and Neven & Oris [2003] highlight this type of segmentation respectively for eighties century Belgium (especially in the Herve and Tilleur counties) and Holland (during the nineteenth century and beginning of the twentieth).

\textsuperscript{14}Evidence in favor of high fertility norms can also be found in Marxist ideologies like in China under Mao (see, for instance, Fan & Zhang [2000]) and in non-religious states like France (Spengler [1954]). Fernandez and Fogli [2007] show that culture is important to the understanding of female work and fertility without approximating culture by religion.

\textsuperscript{15}I assume that culture is a direct determinant of fertility. This is a simplification of a more complex phenomenon. The studies I mention, highlight a positive reduced form relationship between fertility and traditionalism (in its present definition). In reality, culture and fertility are observable behaviors that can be jointly determined by deeper variables like the socioeconomic structure. For example, in hunters gatherers societies, the origin of low fertility norms lies in the low productivity of their production technology that can only support a small population.

\textsuperscript{16}Alesina & Giuliano [2007] find that strong family ties are associated with home production and higher fertility.
3 Description of the economy

3.1 The Model

The model consists of an overlapping generation economy where there are $L_t$ adult agents who live for two periods. During the first period, they are children and only receive a "social education" from their parent. During the second period they are adults. They choose their optimal level of consumption $C_i^t$, the number of their children $N_i^t$ and their social education $\tau_i^t$ which is understood as a socialization effort. Families are assumed to be monoparental. Childbearing is costly, each child takes a part $\eta^i > 0$ of its parent’s time unit\textsuperscript{17}. The cost of one unit of socialization is denoted by $\gamma > 0$. It follows that adults, at period $t$, have to respect the following budget constraint:

$$C_i^t + \eta^i \Omega_i^t N_i^t + \gamma \tau_i^t N_i^t = \Omega_i^t + \Omega$$  

(1)

$\Omega_i^t$ denotes the labor income of an agent of type $i$, its labor supply equals its remaining time after childbearing. $\Omega$ denotes a non labor income which correspond to a minimal domestic production assumed to be the same in all families\textsuperscript{18}. Agents are culturally heterogenous in the sense that they could belong to different cultural groups. There are two cultures in the economy. The first one is the Traditional culture, it is characterized by a high fertility norm. Traditionalists are engaged in the agricultural sector providing an income $\Omega_i^T$. The second culture is the Modern culture, Modernists are not influenced by fertility norms. They take part to the industrial sector providing an income $\Omega_i^M$\textsuperscript{19}. The proportion of Modernists at period $t$ is denoted $q_t$, then $(1 - q_t)$ is the proportion of Traditionalists at that date.

A Modernist parent who has a Modernist child enjoys a utility denoted $V_{i}^{MM}$; if he has a Traditionalist child, he enjoys $V_{i}^{MT}$. A Traditionalist parent who has a Traditionalist child enjoys $V_{i}^{TT}$, and $V_{i}^{TM}$ if he has a Modernist child. All things being equal, parents prefer to have children adopting the same culture (traits) as their own but they altruistically

\textsuperscript{17}Hence, an agent of type $i$ can have, at most, $\frac{1}{\eta^i}$ children. The cost of childbearing are different in the two cultures because of their specific mode of production. In compliance with empirical evidence of preceding sections, children are less costly in the rural agricultural production system than in the industrial sector. It follows that $\eta^M \geq \eta^T$.

\textsuperscript{18}It ensures that a parent giving birth to the maximal number of children, can consume a positive amount of good.

\textsuperscript{19}Note that $\Omega_i^T$ and $\Omega_i^M$ are exogenous.
prefer that their children become rich. Their children’s future income is determined by their future culture: their income will be $\Omega_{t+1}^M$ if they become Modernist, and $\Omega_{t+1}^T$ if they become Traditionalist. Parents are characterized by static expectations, that is to say they expect their children will enjoy the same income as their own.\(^{20}\) Then:

$$\begin{align*}
V_{t}^{MM} &= \theta^M + \Omega_{t}^M \\
V_{t}^{TT} &= \theta^T + \Omega_{t}^T \\
V_{t}^{MT} &= \Omega_{t}^T \\
V_{t}^{TM} &= \Omega_{t}^M
\end{align*}$$

(2)

$\theta^i > 0$ denotes the supplement of utility a parent of type $i$ enjoys when his child adopts the culture $i$. So $\theta^i$ represents the cultural intolerance of parents of type $i$. $\Delta V^i_t = V_{t}^{ii} - V_{t}^{ij} = \theta^i + \Omega_{t}^i - \Omega_{t}^j$ represents the loss for a parent of type $i$ to have a child of type $j$. Then the loss of a parent, in case of cultural deviation, is equal to his cultural intolerance plus the potential loss of income for the child when he adopts the alternative culture. If the cultural deviation implies higher incomes, the relative importance of parental intolerance in the choice process decreases. Note that for very high values of $\Omega_{t}^j$, $\Delta V^i_t$ can become negative.

The culture a child will adopt is not exogenously determined, it is the result of a socialization process à la Bisin & Verdier [2001]. A child is first exposed to the familial socialization. Socialization effort $\tau^i_t$ is a pure private good into the family in the sense that one unit of social education benefits to only one child. This assumption is a simplification of a more general framework in which socialization efforts can benefit to more than one child with decreasing returns such that total socialization costs would be concave in $N_{t}^i$. It simplifies the results without loss of accuracy. Familial socialization succeeds with probability $\left(\tau^i_t\right)^{\frac{1}{2}} \in [0, 1]$, the socialization effort exhibits decreasing returns for each child.

If the familial process of socialization fails, the child is engaged in a second stage of socialization where he is randomly matched with a role model in the society and adopts his traits. With probability $q_t$ the child is matched with a Modernist and with probability $1 - q_t$ with a Traditionalist. Transition probabilities can be expressed as follows:

$$\begin{align*}
P_{t}^{MM} &= \left(\tau^M_t\right)^{\frac{1}{2}} + [1 - \left(\tau^M_t\right)^{\frac{1}{2}}]q_t \\
P_{t}^{TT} &= \left(\tau^T_t\right)^{\frac{1}{2}} + [1 - \left(\tau^T_t\right)^{\frac{1}{2}}][1 - q_t] \\
P_{t}^{MT} &= \left[1 - \left(\tau^M_t\right)^{\frac{1}{2}}\right][1 - q_t] \\
P_{t}^{TM} &= \left[1 - \left(\tau^T_t\right)^{\frac{1}{2}}\right]q_t
\end{align*}$$

(3)

\(^{20}\)This simplification does not alter the results and make them more tractable. Indeed, the problem could be analyzed with rational (perfect) expectations. In this case, $\Delta V^i_t = \theta^i + E_t \left[\Omega_{t+1}^M - \Omega_{t+1}^T\right] = \theta^i + (1 + g^M_t) \Omega_{t}^M - (1 + g^T_t) \Omega_{t}^T$ with $g^i_t$ the expected growth in sector $i$ during period $t$.\(^{10}\)
\( P_{ij} \in [0, 1] \) denotes the probability for a parent of type \( i \) to have a child of type \( j \). The probability for a child to become Modernist (Traditionalist) increases with the proportion of Modernists (Traditionalists) in the economy. Finally, the utility of an agent of type \( i \) is denoted \( W_{it} \) and is described by\(^{21}\):

\[
W_{it}(C_{it}, N_{it}, \tau_{it}) = C_{it} + \pi_{i} \left( N_{it} \right)^{\frac{1}{2}} + \left( N_{it} \right)^{\frac{1}{2}} \left[ P_{ii}^W V_{ii}^{it} + P_{ij}^{W} V_{ij}^{it} \right]
\]

with \( \pi_{i} = \left\{ \begin{array}{ll} 0 & \text{if } i = M \\ \pi & \text{if } i = T \end{array} \right. \) (4)

Because Traditionalists belong to a culture characterized by high fertility norms, they give a higher value to children quantity than Modernists who only value quantity through their imperfect altruism. Higher values of \( \pi \) reflect higher fertility norms. There are two instruments for Traditionalists and Modernists to ensure their reproductive success in the long run: their fertility rate and their socialization effort. With a high fertility rate, a group ensures widespread implementation of its socialization process. So it can make a lower socialization effort per family to ensure the same reproductive success as a group with a low fertility rate. Inversely, a group adopting a high socialization effort per family, needs a lower total fertility rate. The cultural and demographic dynamics are expressed respectively by equations (5) and (6).

\[
q_{t+1} = \frac{q_{t} N_{t}^{M} P_{t}^{MM} + (1 - q_{t}) N_{t}^{T} P_{t}^{TM}}{q_{t} N_{t}^{M} + (1 - q_{t}) N_{t}^{T}}
\]

(5)

\[
\frac{L_{t+1} - L_{t}}{L_{t}} = q_{t} N_{t}^{M} + (1 - q_{t}) N_{t}^{T} \quad \text{with } q_{t} = \frac{N_{t}^{M}}{N_{t}^{M} + N_{t}^{T}}
\]

(6)

The proportion of modernists at period \( t + 1 \) is equal to the number of children with Modernists parents \((q_{t} N_{t}^{M})\) who become also Modernists\(^{22}\) plus the number of children with Traditionalist parents \(((1 - q_{t}) N_{t}^{T})\) who become Modernists, divided by the number of Modernists in \( t \). Equation (6) is simply the weighted average fertility rate minus one. Transition probabilities and fertility levels crucially depend on parental microeconomic choices described in what follows.

\(^{21}\)As in Barro & Becker [1988], the parental utility function exhibits a constant elasticity with regard to the quantity of children. Here, for tractability, I assume that this elasticity equals one half. The linearity of utility with regard to consumption also consists in a simplification. It allows to obtain simple and tractable results which are in line with usual results of endogenous fertility models (see Galor [2005a]) and cultural transmission models (see Bisin & Verdier [2001]).

\(^{22}\)The law of large numbers does apply. So, the proportion of children with parents of type \( i \) who finally become adults of type \( j \) is equal to \( P_{ij} \).
3.2 Individual Behaviors

**Modernists**

A Modernist parent born in \((t-1)\) chooses \(C_t^M, N_t^M\) and \(\tau_t^M\) in order to maximize (4) subjected to (1), (2), (3) and \(i = M\). I obtain the following decision rules:

\[
N_t^{M^*} = \begin{cases} 
\frac{1}{q_t \Delta V_t^M + \nu_t^{MT}} & \text{if } \Omega_t^M \leq \hat{\Omega}_t \\
0 & \text{otherwise} 
\end{cases} \tag{7}
\]

\[
\tau_t^{M^*} = \begin{cases} 
\frac{\eta_t^M (1 - q_t) \Delta V_t^M}{2} & \text{if } \Omega_t^M < \Omega_t^T - \theta_t^M \\
\frac{\eta_t^M \Omega_t^M}{\gamma} & \text{if } \Omega_t^M \in [\Omega_t^T - \theta_t^M, \hat{\Omega}_t] \\
\frac{(1 - q_t) \Delta V_t^M}{q_t \Delta V_t^M + \nu_t^{MT}} & \text{if } \Omega_t^M > \hat{\Omega}_t 
\end{cases} \tag{8}
\]

with \(23 \hat{\Omega}_t = \frac{\eta_t^M + (1 - q_t) \Omega_t^T}{2(\eta_t^M)^2 q_t} \). The value of \(C_t^{M^*}\) is directly deduced from the budget constraint. The optimal fertility choice of a Modernist parent can be represented as follows:

![Figure 1: Fertility of Modernists](image)

For interior solutions, an increase in the Modernist earnings incites Modernist parents to increase their socialization effort and to decrease their fertility rate. Indeed, a higher value of \(\Omega_t^M\) increases the parental income and the children’s future income if they become modernists. Then the expected loss per child born for Modernist parents, *in case of cultural deviation*, increases. Then, they tend to implement a higher socialization effort to reduce that expected loss. The increase in the Modernist income has, *a priori*, a more ambiguous impact on the

\[\text{Notice that, if } \Omega_t^T < \frac{2\eta_t^M}{q_t^M + 1} \theta_t^M, \text{ then } \hat{\Omega}_t < \Omega_t^T - \theta_t^M \forall q_t. \text{ It implies that the optimal socialization choice is: } \tau_t^M = \left(\frac{\eta_t^M \Omega_t^M}{\gamma} \frac{(1 - q_t) \Delta V_t^M}{q_t \Delta V_t^M + \nu_t^{MT}}\right)^2 \text{ if } \Omega_t^M > \Omega_t^T - \theta_t^M \text{ and 0 otherwise. Furthermore, if } \Omega_t^T < \theta_t^M, \Delta V_t^M \text{ can never be negative, then } \tau_t^M = 0 \text{ in (8) never happens.} \]
Modernists’ fertility. Indeed, when $\Omega_M^t$ increases, the total expected gain per child increases\(^{24}\), this has a positive effect on the parental fertility. However, as in standard endogenous fertility models, the cost of children’s quantity increases with incomes. This has a negative impact on the Modernists’ fertility. It is straightforward that, in the present framework, the negative impact is always the strongest one\(^{25}\). Notice that, when $\Omega_M^t \in [0, \bar{\Omega}_t]$, fertility is constrained and does not decrease, nevertheless socialization efforts increase.

The Modernists’ socialization effort decreases with the proportion of Modernist parents. The vertical socialization (from parent) and the oblique socialization (from role models) are substitutes. When the parental socialization fails, a child with Modernist parents still has a chance to become Modernist if he is matched with a Modernist role model in the society. When $q_t$ increases, the probability for any child to be matched with a Modernist role model becomes higher. Therefore the expected gain per child born increases and parents can reduce their familial (costly) socialization effort and have more children. Obviously, when $q_t$ equals one, the probability for a child to be matched with a modern role model is one, then Modernist parents stop directly socializing their children, $\tau_{i}^{M'} = 0$. They allocate all their income to fertility and consumption.

**Traditionalists**

Traditionalists born in $(t - 1)$ choose $C_{i}^{T}$, $N_{i}^{T}$ and $\tau_{i}^{T}$ in order to maximize (4) subjected to (1), (2), (3) and $i = T$. The optimal behavior of Traditionalist parents is described by\(^{26}\):

\[
N_{i}^{T*} = \begin{cases} 
\frac{1}{\eta} \left( \frac{(1-q_t)\Delta V_{i}^{T} + q_t\Omega_{M}^{t} + \pi}{2\eta'\Omega_{T}^{t}} \right)^2 & \text{if } \Omega_{M}^{t} < \bar{\Omega}_t \\
\eta & \text{otherwise}
\end{cases}
\]  \(9\)

\[
\tau_{i}^{T*} = \begin{cases} 
\eta \left( \frac{q_t \Omega_{T}^{t}}{\gamma} \left( \frac{(1-q_t)\Delta V_{i}^{T} + q_t\Omega_{M}^{t} + \pi}{\Omega_{M}^{t}} \right)^2 \right) & \text{if } \Omega_{M}^{t} < \bar{\Omega}_t \\
\frac{q_t \Delta V_{i}^{T}}{\gamma} & \text{if } \Omega_{M}^{t} \in \left[ \bar{\Omega}_t, \Omega_{T}^{t} + \theta T \right] \\
0 & \text{if } \Omega_{M}^{t} > \Omega_{T}^{t} + \theta T
\end{cases}
\]  \(10\)

\(^{24}\)Indeed, the expected utility of a child for a parent of type $M$ equals $P_{i}^{MM}V_{i}^{MM} + P_{i}^{MT}V_{i}^{MT}$. When $\Omega_{M}^{t}$ increases, the utility of the child if he becomes modern ($V_{i}^{MM}$) will be higher. As I previously mentioned, $\Delta V_{i}^{M} = \theta^{M} + \Omega_{M}^{t} - \Omega_{T}^{t}$ will also be higher.

\(^{25}\)Formally, $\frac{\partial N_{i}^{M}}{\partial \Omega_{M}^{t}} = -\frac{q_t\theta^{M} + (q_t - q_t)\Omega_{M}^{t}}{(\Omega_{M}^{t})^2} < 0$

\(^{26}\)Results are displayed in function of the modernist income in order to simplify future reasoning. A more usual presentation would have consisted in presenting the results in function of the Traditionalists’ income. These results would have been symmetric to the modernists’ ones.
With\(^{27}\) \(\tilde{\Omega}_t \equiv \frac{2(\eta T)^{1/2} + q_t - 1}{q_t} \Omega_t^T - (1 - q_t) \theta T - \pi \). Vertical and oblique socializations are still substitutes for Traditionalist parents. So an increase in \(q_t\) incites them to make less children and to implement a higher socialization effort. For interior solutions, an increase in the Traditionalists’ earnings incites parent to substitute socialization effort to quantity of children. Notice that, because of the fertility norm, even if Traditionalists and Modernists would have the same fertility costs and the same income, Traditionalists’ fertility would be higher than the Modernists’ one.

Let consider that Traditionalists’ income is high enough, such that, when the Modernists’ income is low, their fertility and socialization choices are interior. When the Modernists’ income increases, Traditionalists reduce their socialization effort and increase their fertility. Indeed, the loss resulting from the cultural deviation is smaller and the overall expected utility per child higher. When \(\Omega_t^M\) reaches the threshold \(\tilde{\Omega}_t\), Traditionalists cannot increase their fertility anymore because they reached their maximum fertility rate. Then, they decreases their socialization effort without increasing their fertility. Finally, when \(\Omega_t^M\) reaches \(\Omega_t^T + \theta T\), \(\Delta V_t^T\) becomes negative and then Traditionalists stop socializing their children. Indeed, despite their cultural intolerance, they forecast that their children will be wealthier if they become Modernists. The evolution of the Traditionalists’ socialization effort and fertility is described by:

Following these microeconomic results, the cultural and demographic dynamics of the economy can be analyzed in the next sub-sections.

\(^{27}\)Notice that \(\tilde{\Omega}_t < \Omega_t^T + \theta T \forall q_t \in [0, 1]\) if \(\eta T < \frac{1}{4}\) what is assumed for the rest of the paper. This assumption fits the facts (see, for instance, De la Croix & Doepke [2003])
3.3 Cultural Dynamics

3.3.1 Multiple equilibria and cultural heterogeneity

The cultural dynamics of the population is given by equations (2), (3), (5), (7), (8), (9) and (10). The presence of corner solutions depending on the value of \( \Omega^M_t \) implies the existence of multiple regimes. The main properties of this dynamics are described in the following proposition.

Proposition 1 (i) When \( \Omega^M_t \leq \Omega^T_t - \theta^M \), \( q_t = \{0, 1\} \) are the only existing steady states, and \( q_t = 0 \) is globally stable while \( q_t = 1 \) is unstable. (ii) When \( \Omega^M_t \geq \Omega^T_t + \theta^T \), \( q_t = \{0, 1\} \) are also the only existing steady states, however \( q_t = 0 \) is unstable while \( q_t = 1 \) is globally stable. (iii) When \( \Omega^M_t \) takes intermediary values such that \( \Omega^M_t \in [\Omega^T_t - \theta^M, \Omega^T_t + \theta^T] \), \( q_t = \{0, \overline{q}, 1\} \) are the only existing steady states. \( q_t = \{0, 1\} \) are unstable while the only interior steady state \( \overline{q} \) is globally stable and allows for cultural heterogeneity.

Proof. See Appendix 2. ■

Stability of the interior solution crucially comes from the substitutability between vertical socialization (from parents) and oblique socialization (from the whole society). All other things being equal, parents in the majority culture tend to make a smaller socialization effort than parents in the minority culture. It means that, for intermediary levels of inequalities between incomes of Modernists and Traditionalists, society is characterized by a long run cultural heterogeneity.

Notice that, in the interior regime (when \( \overline{q} \) does exist), when \( \Omega^M_t \) increases, the Traditionalist mode of production becomes inefficient relatively to the Modernist mode of production. However, the Traditionalist culture does not disappear. This culture will disappear only when the inefficiency of its mode of production will be very high (\( \Omega^M_t \geq \Omega^T_t + \theta^T \)) such that members of this culture will choose stop transmitting their culture to their children. The reverse is also true, if the productivity of the Modernist mode of production is very low (\( \Omega^M_t \leq \Omega^T_t - \theta^M \)), the Modernist culture disappears in the long run.

3.3.2 Comparative statics

As a result, a rise in the Modernist productivity does not always increases the long run proportion of Modernists in the population. Indeed, it can easily be shown that the long run...
proportion of Modernists will increase after a positive shock on $\Omega_t^M$ if the following condition is fulfilled:

$$
\left( \frac{1}{2} [\tau_t^M]^{-\frac{1}{2}} N_t^M \frac{\partial \tau_t^M}{\partial \Omega_t^M} - \frac{1}{2} [\tau_t^T]^{-\frac{1}{2}} N_t^T \frac{\partial \tau_t^T}{\partial \Omega_t^M} \right) + \left( [\tau_t^M]^{-\frac{1}{2}} \frac{\partial N_t^M}{\partial \Omega_t^M} - [\tau_t^T]^{-\frac{1}{2}} \frac{\partial N_t^T}{\partial \Omega_t^M} \right) > 0 \quad (11)
$$

The first term between parenthesis consists in the "cultural effect" and is positive while the second term between parenthesis consists in the "evolutionary effect" and is negative or equal to zero. Indeed, when the Modernist income increases, Modernists provide a higher socialization effort while Traditionalists reduce their own. However, when not constrained, Traditionalists increase their fertility while Modernists reduce their own. In other words, when $\Omega_t^M$ increases, Traditionalists get an advantage in the evolutionary process (the evolutionary effect) and Modernists get an advantage in the cultural transmission process (the cultural effect). The following bifurcation diagrams represent the evolution of cultural steady states:

As mentioned in Proposition 1, $q_t = \{0, 1\}$ are always cultural steady states. Notice that when $\theta^M > \Omega_t^T$ (figure 6 and 7), the Modern culture will never disappear because Modernists

---

28 A proof is provided in Appendix 3.

29 As shown in Appendix 2, whatever the values of $\Omega_t$ and $\Omega_t$, the equation ensuring $q_{t+1} - q_t = 0$ is cubic in $\Omega_t^M$. So, the variation of $q$ can at most be also cubic. A last case has not been represented, it simply consists in the case where $\Omega_t^M$ is always increasing in $\Omega_t^M$ and $\Omega_t^T > \theta^T$.
will always prefer having Modernist children \((\Delta V^M > 0)\). In \(\Omega^M_t = \{\Omega^T_t - \theta^M, \Omega^T_t + \theta^T\}\), the cultural dynamics enters in bifurcations\(^{30}\).

A rise in \(\Omega^M_t\) implies an opposition between evolutionary and cultural processes. Nevertheless, it is intuitive that in the neighborhood of \(\Delta V^M_t = 0\) and \(\Delta V^T_t = 0\), the cultural effect always dominates the evolutionary effect. Indeed, when \(\Omega^M_t\) becomes closed from \(\Omega^T_t + \theta^T\), \(\tau^T_t\) converges to zero because the loss of Traditionalists in case of cultural deviation \((\Delta V^T)\) will be closed to zero. Furthermore, the Modernists’ fertility decreases but very slowly (see figure 1). So, for high values of the Modernist income, the evolutionary effect does not play a role anymore (see equation (11)). In the same way, when \(\Omega^M_t\) is in the neighborhood of \(\theta^M - \Omega^T_t\), \(\Delta V^M_t\) tends to zero. So, \(\tau^M_t\) also tends to zero and decreasing returns in the familial socialization implies that the cultural effect is strong. Furthermore, for low values of the \(\Omega^M_t\), the Modernists’ fertility is constrained (see figure 1), \(\frac{\partial N^M_t}{\partial \Omega^M_t} = 0\).

However, for intermediary values of \(\Omega^M_t\), the evolutionary process can dominate the cultural process. In this case, an income shock in favor of Modernists may finally reduce the long run proportion of Modernists.

### 3.3.3 Cultural Dynamics after a productivity shock in favor of Modernists

This sub-section illustrates the impact of a biased technological shock on the cultural dynamics. I show how an improvement in the modernists’ wealth does not always increase their proportion in the population. In the following graphics, I represent the evolution of \(q_t\) given its initial value \(q^*_0\) and the interplay between evolutionary and cultural processes after an income shock:

\(^{30}\) Indeed, when \(\Omega^M_t < \Omega^T_t - \theta^M\), \(q_t = 0\) is a stable steady state whereas it becomes unstable when \(\Omega^M_t > \Omega^T_t - \theta^M\). In the same way, when \(\Omega^M_t < \Omega^T_t + \theta^T\), \(q_t = 1\) is an unstable steady state whereas it becomes stable when \(\Omega^M_t > \Omega^T_t + \theta^T\).
In this example, the biased productivity shock in favor of Modernists arises when \( q_t \) equals \( q_1 \). Three shock’s magnitude are proposed. For a "small shock" increasing \( \Omega_t^M \) from \( \Omega_A^M \) to \( \Omega_B^M \), the long run cultural dynamics is dominated by evolutionary effects. In other words, the rise in the fertility differential in favor of Traditionalists more than compensates the rise in the socialization differential in favor of Modernists. So, after the biased income shock, the proportion of Modernists decreases toward its low long run level. For an intermediary shock (from \( \Omega_A^M \) to \( \Omega_C^M \)), the cultural effect dominates the evolutionary effect. Then, \( q_t \) converges to a long run value which is higher than \( q_1 \). Notice that, in this case, the long run cultural heterogeneity is ensured because the income shock has not been very strong. However, when \( \Omega_t^M \) increases from \( \Omega_A^M \) to \( \Omega_D^M \), the wealth gap between the two groups is so high (\( \Omega_t^M - \Omega_t^T > \theta^T \)) that Traditionalists stop directly socializing their children. Then, \( q_t \) converges to 1 and there is no long run cultural heterogeneity into the population.

It finally appears that a sufficiently strong asymmetric technological progress ensures the cultural homogenization of the population. Such a biased technological progress has not to be permanent, it only has to be such that \( \Omega_t^M - \Omega_t^T > \theta^T \) until \( q_t \) converges to one. At this time, Traditionalism has definitely disappeared. It also intuitive that a stronger attachment of Traditionalists to their culture will make Traditionalism surviving for higher income shocks. This will be further discussed in the following sections but it is obvious that, if \( \theta^T \) takes higher values, the wealth gap between the two modes of production (\( \Omega_t^M - \Omega_t^T \)) has to be higher.

### 3.4 Population Dynamics: Scenarii for a Fertility Transition

In this sub-section, I propose some scenarii that could occure after a rise in the wealth gap between Modernists and Traditionalists. To do so, rather than assuming a single discrete shock on \( \Omega_t^M \), I assume a progressive adjustment. In other words, I assume that there exist a transitory biased technological progress in favor of Modernists. Doing so, the description of the fertility rate’s evolutions will be more precise.

It is intuitive that, if the biased technological progress is sufficiently strong, a fertility transition is inevitable. Indeed, as shown in figures 4 to 8, a strong increase in \( \Omega_t^M \) finally rises the long run proportion of Modernists who reduce their fertility while it reduces the
proportion of Traditionalists who cannot indefinitely increase their fertility (see figure 2). The
decrease in the Total fertility rate occurs even if Traditionalism does not completely disappear
and well before the disappearance of Traditionalists if $\Omega_t^M$ becomes higher than $\Omega_t^T + \theta^T$.
Indeed, at the latest, when the Traditionalists’ fertility becomes constrained because of the
income gap (see figure 2), the Total Fertility Rate unambiguously decreases. Furthermore,
the convex relation between $N_t^M$ and $\Omega_t^M$ implies that the effect of the reduction in the
Modernists’ fertility is initially strong.

Empirical evidence (see Galor [2005b]) indicate that, in the beginning of the demographic
transition, total fertility rate can increase. This stylized fact can easily be reproduced by the
model but with a different mechanism than in the usual literature. Indeed, if the fertility of
Modernists is initially constrained because of their low income (see figure 1), the increase in
their income will not initially incite them to reduce their fertility. However, Traditionalists
increase their fertility because their total expected utility per child increases. Then, as
long as the Modernists’ fertility remains constrained, the asymmetric technological progress
make the average Total Fertility Rate increasing. When the Modernists’ fertility is no more
constrained, two polar scenarii can be envisaged. In the first one, the income converges to
a relatively low value where the evolutionary effect dominates the cultural effect (as B in
figure 8). Then, the economy remains trapped in a traditionalist regime where the average
Total fertility Rate is high. In the second case, $\Omega_t^M$ converges to a relatively high value (as in
D), then the average Total Fertility rate will unambiguously decrease. Indeed, Traditionalism
progressively disappears and the Modernist fertility decreases.

The model also generates situations where the Total fertility Rate decreases as soon as
the asymmetric technological progress does appear. Indeed, when the Modernists’ fertility is
not initially constrained and the income shocks leads to situation where the cultural process
dominates (like C or D), the reduction in the Modernists’ fertility can immediately overwhelm
the increase of the Traditionalists’ one.

For higher values of $\theta^T$, the homogenization of the society ($q_t = 1$) will require stronger
asymmetric income differences. For a given technological progress, the rise in the long run
proportion of Modernists will be slower. Indeed, when Traditionalists are more intolerant
with regard to their children’s cultural deviation, they are less sensible to the improvement
of wealth their children could enjoy if they became Modernists. Then, when $\Omega_t^M$ increases, they reduce less their socialization efforts. The completion of the fertility transition will be longer.

Describing the exact evolution of the Total fertility rate requires a numerical example. Indeed, Total Fertility Rate depends on $\Omega_t^M$ in a complex way because it directly depends on $\Omega_t^M$ but also on the cultural dynamic path which also depends on the evolution of $\Omega_t^M$.

4 Numerical Example

This numerical example aims at illustrating the impact of an exogenous growth of the Modernist income $\Omega_t^M$ and the influence of Traditionalism on the long run population dynamics. It will appear that the long run decrease of fertility is the by product of two phenomenon: the long run disappearance of Traditionalists and the decrease in the Modernist fertility. Furthermore, a high degree of Traditionalism can delay the appearance of the fertility transition but accelerate its pace once it is engaged.

4.1 On the Cultural and Demographic Transitions

Two main numerical examples are proposed in this section. In the first one, $\theta^M \leq \Omega^T$ what implies that for $\Omega_t^M < \Omega^T - \theta^M$, $\Delta V_t^M$ will be negative. In the second numerical example, $\theta^M \leq \Omega^T$ such that $\Delta V_t^M$ will never be negative, furthermore $\Omega_0^M > \tilde{\Omega}_0$. These two exercises hold the following parametrization:

<table>
<thead>
<tr>
<th>Case 1: $\theta^M \leq \Omega^T$</th>
<th>Parameters’ Values</th>
<th>Case 2: $\theta^M &gt; \Omega^T$</th>
</tr>
</thead>
<tbody>
<tr>
<td>160</td>
<td>$\Omega^T$</td>
<td>80</td>
</tr>
<tr>
<td>40</td>
<td>$\Omega_0^M$</td>
<td>40</td>
</tr>
<tr>
<td>100</td>
<td>$\theta^T$</td>
<td>100</td>
</tr>
<tr>
<td>100</td>
<td>$\theta^M$</td>
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<tr>
<td>10</td>
<td>$\bar{N}$</td>
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<td>15</td>
<td>$\bar{T}$</td>
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<tr>
<td>60</td>
<td>$\gamma$</td>
<td>60</td>
</tr>
<tr>
<td>0.2</td>
<td>$\eta^T$</td>
<td>0.2</td>
</tr>
<tr>
<td>0.35</td>
<td>$\eta^M$</td>
<td>0.35</td>
</tr>
<tr>
<td>0.2</td>
<td>$g^M$</td>
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</tr>
<tr>
<td>0.41</td>
<td>$q_0$</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Table 1: Values of Parameters for the Alternative Exercises
\[ g^M = \frac{\Omega^M_{t+1} - \Omega^M_t}{\Omega^M_t} \] denotes the exogenous asymmetric technological progress in favor of the Industrial mode of production. The value of 0.2 is closed to the average annual output growth in Western Europe since 1820 (see Bairoch [1997]). For simplicity, this technological progress is not assumed to be transitory but permanent. In other words, given \( g^M \) and \( \Omega^M_0 \), the homogeneization of the population is inevitable. Accordingly to \( \eta^T = 0,2 \) and \( \eta^M = 0,35 \), the maximal number of children per family is 10 for Traditionalists and somewhat closed from 6 for Modernists. As mentioned in the first sections, this difference comes from the alternative status of children in the two mode of productions: children are more costly in urban areas than in rural areas. \( \gamma \) is calibrated such that socialization probabilities belong to \([0, 1]\). The initial income of Modernists is chosen such that, when \( \theta^M \leq \Omega^T \), \( \Delta V^M_t \) can be negative in the beginning of the growth process of \( \Omega^M_t \). The two exercises leads to the following cultural and demographic dynamics:\(^{31}\):

\[ \begin{align*}
\text{In the first exercise (figure 10), } \Delta V^M_t \text{ is initially lower than zero. Then, until } \Omega^M_t \text{ reaches } \tilde{\Omega}_t \text{ (in approximately one period), the Total Fertility Rate increases because the Modernists’ fertility remains constant while the Traditionalists’ one increases (for } \Omega^T = 160, \text{ it is not initially constrained). This effect is reinforced by the rise in the proportion of Traditionalists in the whole population until } \Delta V^M_t \text{ becomes positive. When Modernists engage in socialization, their proportion increases while their fertility begins to decrease. Then, a fertility transition does appear.}
\end{align*} \]

\[ \begin{align*}
\text{In the second exercise (figure 11), } \Omega^T \text{ is such that } \Delta V^M_t \text{ can never be negative. Furthermore, the initial values of } q_t \text{ and } \Omega^M_t \text{ implies that the Traditionalists’ fertility is always}
\end{align*} \]

\(^{31}\)The model being formulated in discrete time, the evolution of the Total Fertility Rate has been artificially smoothed.
constrained \((\Omega_0^M > \Omega_0)\) when \(q_0 = 0, 41\). As mentioned in preceding sections, in this case, they cannot increase their fertility when the Modernists’ income increases. Then, they only decrease their socialization effort. Furthermore, as \(\Delta V_t^M\) is always positive, Modernists increase their socialization effort and decrease their fertility (once \(\Omega_t^M\) reaches \(\hat{\Omega}_0\)). As \(q_0\) is low and the evolutionary process never dominates the cultural process, the proportion of Modernists is always increasing and the Total Fertility Rate always decreasing.

4.2 Impact of Traditionalism

It finally appears that, in this model, fertility transition results from two phenomenon: a cultural transition making the long run proportion of Modernists growing and a decrease in the Modernists’ fertility because of the improvement of their income. A central result of the present paper lies in the fact that the cultural transition is a necessary condition to undergo a fertility transition. The growth of productivity and income (of Modernists) is not sufficient. Indeed, in the present exercise, I propose to simulate the demographic dynamics of the economy for different values of the Traditionalists’ attachment to their culture, namely \(\theta^T\), for case 1 of the preceding sub-section:

As a general result, a higher degree of Traditionalism implies a higher initial Total Fertility Rate and a later but faster fertility transition. As shown in section 3, when \(\theta^T\) is strong, the marginal return of the quantity of children is higher. It implies that, for the same initial values of \(\Omega_t^M\) and \(q_0\), the initial Total Fertility Rate is higher. Furthermore, a higher
θ^T implies that Traditionalists are less sensible to the wealth improvement their children could enjoy if they become Modernists. Then, when \( \Omega^M_t \) increases, they reduce less their socialization effort than for low values of \( \theta^T \). It implies that the proportion of Traditionalists in the population remains high in the beginning of the income growth process. In other words, the "cultural effect" is weaker when the Traditionalists’ intolerance is higher.

Finally, Traditionalism induces a delayed cultural transition and so a delayed fertility transition (see figure 12). An initially more Traditionalist society needs more favorable economic conditions in the Modernist mode of production to engage the long run reduction of fertility.

Furthermore, once fertility begins to decrease, societies with a higher degree of Traditionalism experience a faster decrease of its Total Fertility Rate. This simply comes from the fact that the cultural transition is delayed. Indeed, it does appear for higher values of the Modernists’ income. Then, when Modernists become majoritarian, their fertility is already very low. Then, for a similar increase in \( q_t \), the Total Fertility Rate decreases more rapidly.

Notice that the decrease of fertility in Modernists families comes from the rise in the industrial productivity and so in their income. Introducing a standard quality quantity trade-off would have lead to the same results: a rise in the marginal return of the Modernists’ education investment would incite them to substitute quality to quantity. The future income of Modernists would be increasing what incites Modernists parents to increase their socialization efforts\(^{32}\).

5 Conclusion

In this paper, I propose a model which enriches the economic analysis of the fertility transition by integrating some cultural aspects of the process. I show that a fertility transition results from an asymmetric technological progress in favor of the industrial sector and a cultural transition making cultures limiting births majoritarian. Such a cultural transition will occur because cultural deviation from traditional to modern groups is more enjoyable.

\(^{32}\)No dynastic analysis would be possible because each individual would be characterized by a specific situation depending on its familial cultural and economic history and on his own cultural choice. Cultural and economic heterogeneity would make analytical analysis non tractable. Then, a rigourous numerical methodology would be essential to understand the model’s main implications.
when asymmetric technological progress takes place. As a result, if Traditionalist agents are widely attached to their culture, they will be less sensible to this asymmetric shocks and maintain high efforts to make their culture survive despite its growing inefficiency. This mechanism allows to explain the deletion of a fertility transition in more Traditionalist countries as in early Belgian Flanders and Holland.

The consideration of cultural aspects in the dynamics of reproductive behaviors begins to greatly benefit from the more general renewal of cultural analysis in economics. In order to continue the rehabilitation of the Synthesis Model of fertility, it will be crucial, in future work, to make the long run evolution of social norms (at least regarding fertility) themselves endogenous, in a quantifiable and therefore testable manner.

References


Appendix 1

To proof Proposition 1, I propose four lemmas. Lemma 2 aims at proving that non interior steady states are unstable when there exist interior steady states. Lemma 3 shows that only one non interior steady states is stable when there is no interior one. Lemmas 4 and 5 show that there exist, at most, one interior steady state. These four lemmas combined with properties of the model will allow to prove Proposition 1. As shown in section 3, $\tau_t^M, \tau_t^T, N_t^M$ and $N_t^T$ are all functions of $q_t$. They are now respectively denoted by $\tau_t^M(q_t), \tau_t^T(q_t), N_t^M(q_t)$ and $N_t^T(q_t)$.

Lemma 2 If $\tau_t^M(1) = 0, \tau_t^T(1) > 0, N_t^M(1) \geq 0, N_t^T(1) > 0$ and $\tau_t^M(0) > 0, \tau_t^T(0) = 0, N_t^M(0) > 0, N_t^T(0) \geq 0$, then $q_t = \{0, 1\}$ are both unstable steady states of the cultural dynamics at the competitive equilibrium and there exist, at least, one interior and stable cultural steady state if $q_{t+1} - q_t$ is continuous in $q_t$.
Proof. It follows from (3) and (5) that:

$$\frac{\partial [q_{t+1} - q_t]}{\partial q_t} = \left[ q_t N_t + (1-q_t) N_t^T \right] \left[ (1-2q_t) N_t^T + q_t (1-q_t) \frac{\partial A^M T}{\partial q_t} - q_t (1-q_t) A^M T \right] N_t + (1-q_t) \frac{\partial N_t^T}{\partial q_t} + q_t \frac{\partial N_t^M}{\partial q_t}$$

(12)

With $A^M T = (\tau_i^{-1}) \frac{1}{2} N_i - (\tau_i^{-1}) \frac{1}{2} N_i^T$. A solution to (5) will be a stable steady state if and only if, at this point, $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \leq 0$. It follows from (12) that: $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 0} = \frac{A^M T}{N_j(0)}$ and $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 1} = - \frac{A^M T}{N_j(0)}$. If $\tau_i^M (1) = 0$, $\tau_i^T (1) > 0$, $N_i^M (1) \geq 0$, $N_i^T (1) > 0$ and $\tau_i^M (0) > 0$, $\tau_i^T (0) = 0$, $N_i^M (0) > 0$, $N_i^T (0) \geq 0$, then $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 0} > 0$, and $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 1} > 0$. It finally implies that $q_t = \{0, 1\}$ are unstable steady states. So, if $q_{t+1} - q_t$ is continuous in $q_t$, there exist, at least, one interior stable steady. ■

Lemma 3 If $\Delta V_i^M \leq 0$, then $q_t = \{0, 1\}$ are the only steady states of (12). Furthermore, $q_t = 0$ is globally stable and $q_t = 1$ is unstable. If $\Delta V_i^T \leq 0$, then $q_t = \{0, 1\}$ are the only steady states of (12). Furthermore, $q_t = 0$ is unstable and $q_t = 1$ is globally stable.

Proof. From (8), if $\Delta V_i^M \leq 0$, $\tau_i^M = 0 \ \forall q_t \in [0, 1]$. It follows that $\forall q_t \in [0, 1] :$

$$q_{t+1} - q_t = - \frac{q_t (1-q_t) (\tau_i^M)^{1/2} N_t^M}{q_t N_t^M + (1-q_t) N_t^T} < 0$$

(13)

By (7), (9) and (10), it is obvious that (13) is continuous in $q_t$. (13) implies that: there does not exist any interior steady state, $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 0} < 0$ and $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 1} > 0$. It follows that $q_t = 0$ is unstable and $q_t = 1$ is globally stable.

With the same method, from (10), $\forall q_t \in [0, 1]$, if $\Delta V_i^T \leq 0$, $\tau_i^T = 0$ and:

$$q_{t+1} - q_t = \frac{q_t (1-q_t) (\tau_i^T)^{1/2} N_t^M}{q_t N_t^M + (1-q_t) N_t^T} > 0$$

(14)

By (7), (8) and (9), it is obvious that (14) is continuous in $q_t$. (14) implies that: there does not exist any interior steady state, $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 0} > 0$ and $\frac{\partial [q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = 1} < 0$. It follows that $q_t = 0$ is unstable and $q_t = 1$ is globally stable. ■

Lemma 4 If $A^M T, N_i^M, N_i^T$ are continuous in $q_t$ and $\forall q_t \in [0, 1]$, $(N_i^M, N_i^T) > (0, 0)$, then $q_{t+1} - q_t$ is continuous in $q_t$ at the equilibrium.
Proof. This is straightforward because, by (3), (5) can be written as follows:

\[ q_{t+1} - q_t = \frac{q_t(1-q_t)\left(\tau_t^{1/2}N_t^{3/2} - \tau_t^{1/2}N_t^{1/2}\right)}{q_tN_t^{3/2} + (1-q_t)N_t^{1/2}} \]  

(15)

Lemma 5 If: (a) \( A_t^{MT} \) is quadratic in \( q_t \), (b) \( \tau^M_t (1) = 0, \tau^T_t (1) > 0, N^M_t (1) \geq 0, N^T_t (1) > 0 \) and \( \tau^M_t (0) > 0, \tau^T_t (0) = 0, N^M_t (0) > 0, N^T_t (0) \geq 0 \), (c) \( A_t^{MT}, N^M_t, N^T_t \) are continuous in \( q_t \) and \( \forall q_t \in [0,1], \), \( (N^M_t, N^T_t) > (0,0) \) and (d) \( \Delta V^M_t, \Delta V^T_t > (0,0) \), there exist only one interior steady state \( \overline{\tau} \in ]0,1[ \) which is globally stable.

Proof. By Lemmas 2 to 4, it is obvious that there exist an impair number of steady states between \( q_t = 0 \) and \( q_t = 1 \). From (15), \( \forall q_t \in ]0,1[, \), \( q_{t+1} - q_t = 0 \) if and only if \( A_t^{MT} = 0 \). If \( A_t^{MT} \) is quadratic in \( q_t \), \( A_t^{MT} = 0 \) has at most two real solutions. Then, there exist only one interior steady state \( \overline{\tau} \in ]0,1[ \). By Lemma 2 and 4, it straightforward that \( \frac{\partial[q_{t+1} - q_t]}{\partial q_t} \bigg|_{q_t = \overline{\tau}} < 0 \). Then \( \overline{\tau} \) is globally stable.

From (7), (8), (9) and (10), it appears that, whatever the values of \( \hat{\Omega} \) and \( \tilde{\Omega} \), when \( \Omega^M_t \in ]\Omega^T - \theta^M, \Omega^T + \theta^T[ \), \( A_t^{MT} \) is a quadratic of \( q_t \). From Lemmas 2, 4 and 5, there exist a unique interior cultural steady state \( \overline{\tau} \) which is globally stable. From Lemma 3, when \( \Omega^M_t \leq \Omega^T_t - \theta^M \), \( q_t = \{0,1\} \) are the only existing steady states, and \( q_t = 0 \) is globally stable while \( q_t = 1 \) is unstable. Also from Lemma 3, when \( \Omega^M_t \geq \Omega^T_t + \theta^T \), \( q_t = \{0,1\} \) are also the only existing steady states, however \( q_t = 0 \) is unstable while \( q_t = 1 \) is globally stable.

Appendix 3

From Appendix 2, \( \overline{\tau} \) is the unique interior solution of \( A_t^{MT} = 0 \). Because \( A_t^{MT} \) depends on both \( q_t \) and \( \Omega^M_t \), it directly follows that:

\[ \frac{\partial q_t}{\partial \Omega^M_t} \bigg|_{q_t = \overline{\tau}} = - \frac{\partial A_t^{MT}}{\partial q_t} \bigg|_{q_t = \overline{\tau}} = \frac{\partial A_t^{MT}}{\partial Q_t^T} \bigg|_{q_t = \overline{\tau}} \]  

(16)

From Proposition 1, \( \frac{\partial A_t^{MT}}{\partial q_t} \bigg|_{q_t = \overline{\tau}} < 0 \) when \( \Omega^M_t \in ]\Omega^T - \theta^M, \Omega^T + \theta^T[ \). Then, \( \frac{\partial q_t}{\partial \Omega^M_t} \bigg|_{q_t = \overline{\tau}} > 0 \). Differentiating \( A_t^{MT} \) with respect to \( \Omega^M_t \) leads to the following condition:

\[ \left(\frac{1}{2} [\tau^M_t]^{1/2} N_t \frac{\partial \tau^M_t}{\partial Q_t^M} - \frac{1}{2} [\tau^T_t]^{1/2} N_t \frac{\partial \tau^T_t}{\partial Q_t^T}\right) + \left([\tau^M_t]^{1/2} \frac{\partial N_t^M}{\partial Q_t^M} - [\tau^T_t]^{1/2} \frac{\partial N_t^T}{\partial Q_t^T}\right) > 0 \]  

(17)