

Economics Across the Atlantic: Understanding Economic and Social Differences between the US and Europe

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Course Description:

From the way cities are designed to inequality, social mobility, and attitudes toward work, Europe and the United States offer striking contrasts in their economies, societies, and politics. But are these differences only perceived, or are can we find evidence for them in hard data? How did these differences emerge? And are they growing or shrinking over time?

In this course, we will explore these questions through an economic and evidence-based approach—digging into empirical research and real-world case studies. Each class will focus on a key topic, such as:

- Are average Americans earning more than average Europeans? If so, why?
- Why is inequality lower in Europe than in the U.S, but social mobility higher?
- Are Americans really more reliant on cars than European? Why?
- What shaped differences in attitudes toward work, others, and oneself?

By reading and discussing recent academic papers, you will gain insights into how social scientists analyze these differences—and you will develop your own hypothesis about one key difference between the U.S. and Europe of your choosing.

Hands-On Learning: Discuss, Present, and Analyze

This is not a sit-back-and-listen course. You will actively engage through:

- Student presentations of academic research
- Class discussions connecting research to real-world experiences
- Your own project, identifying and analyzing a key U.S.-Europe difference
- A final term paper developing your own hypothesis on why the difference exists

Course Structure

- Meeting Time: Two 90-minute lectures per week
- Assessments: Midterm and final exam, presentations, participation, and term paper

This course offers a deeper look at the societal structures you will be experiencing firsthand. By the end, you will not only have a stronger grasp of economic and political systems—you will also gain a fresh perspective on both Europe and the U.S.

Course Prerequisites:

There are no prerequisites for this course. Classes in introductory economics, especially applied ones, are helpful, but not required.

Grading Policy:

The following grading scheme applies:

▪ Presentation of academic paper	20%
▪ Presentation of own idea	20%
▪ Term paper about own idea	20%
▪ Midterm Exam	15%
▪ Final Exam	15%
▪ Participation	10%

Presence and participation:

Students are expected to attend every class since they have to comply with the attendance policy of the AEP program. One excused nonattendance is tolerated, more than one has significant consequences for your grade. Students are responsible for catching up with the material they have missed.

Presentation of research paper:

Each student will present at least one paper among the twelve listed at the end of the document. Note that the list is possibly subject to change; this is just to give you an idea of the types of papers covered. The presentations should emphasize the main research questions, the paper's contribution, and provide a succinct overview of methods, results, and main robustness. Presentations should take 30 minutes.

Presentation of own idea:

Each student will additionally present their own findings on one topic not covered in the syllabus. These presentations should present one difference the student has identified between the United States and Europe, include some suggestive evidence (data or anecdotes) to support it, and include a hypothesis as to its origin. These presentations will occur in the final Week 12.

Term paper on own idea:

Students will summarize their discussions and expand on them in a written term paper of up to 7 pages, including references, figures, and tables. This term paper is due on December 14

Midterm Exam:

There will be one Midterm Exam (in Week 6), which will focus on content on the slides covered up until the exam, and will consist of short questions and a longer essay question. Practice questions will be provided, and an example essay question will be discussed in the lecture before.

Final Exam:

There will be one Final Exam (in Week 13), which will focus on content on the slides covered since the Midterm exam, and will consist of short questions and a longer essay question.

Mandatory Completion Policy

Note that all mandatory assignments and exams must be completed to the best of your ability in order for your final grade to be issued. Failure to complete a mandatory assignment or exam may result in a failing grade.

Letter Grade	Percentage	Description
A+	97-100	Excellent Work
A	93-97	Outstanding Work
A-	90-92	
B+	87-89	Good work
B	83-86	
B-	80-82	
C+	77-79	Acceptable Work
C	73-76	
C-	70-72	
D+	67-69	Work that is significantly below average
D	63-66	
D-	60-62	
F	0-59	Work that does not meet the minimum standards for passing the course

AEP Academic Integrity Policy

Plagiarism and other forms of academic dishonesty are not tolerated. The use of Artificial Intelligence (AI) for the development of knowledge and learning is encouraged at many stages of the learning process. While we value technology for educational purposes, we also value originality and the retainment of knowledge, and thus using AI for assignments and examinations, even if rephrased, is strictly prohibited and considered an academic integrity violation, unless the instructor explicitly allows for it in the context of evaluated work

AEP Non-Discrimination/Harassment Policy

The AEP program in Prague promotes a diverse learning environment where the dignity, worth, and differences of each individual are valued and respected. Discrimination and harassment, whether based on a person's race, gender, sexual orientation, color, religion, national origin, age, disability, or other legally protected characteristics, are repugnant and completely inconsistent with our objectives. Retaliation against individuals for raising good faith claims of harassment and/or discrimination is prohibited.

AEP Diversity Policy

AEP is committed to fostering an inclusive and welcoming community that values diversity in all its forms. We believe that one of the most meaningful lessons of studying abroad is learning to navigate and appreciate differences with curiosity and an open mind. While engaging across differences can sometimes be challenging or uncomfortable, these moments are essential for growth and learning. We recognize that every member of our community, even with the best intentions, may occasionally make missteps. Our commitment is to provide a supportive environment where respectful and honest dialogue helps us learn from these experiences, ensuring that every student has the opportunity to thrive and broaden their perspective.

Weekly Schedule

The course will consist of the following topics:

Week #1. Academic Orientation (no lecture)

AEP Introductory Lecture Series

Week #2: Preliminaries to Discuss Cross-Atlantic Differences.

We learn about the historical background and also cover precedents in such discussions, from De Tocqueville to Deaton.

Week #3: Preliminaries in Economics and Comparisons based on Data

We learn about the “economic method”, as well as concepts and methods required to describe and discuss differences between the United States and Europe, including how to interpret data, and how to draw conclusions from data using statistics.

Week #4: Cross-Atlantic Differences in Economic Prosperity?

We discuss why the West in general became rich, review what economists know about sources of growth, and learn that while the earnings of Americans have increased are now higher, they also work longer hours, and are not happier than Europeans per se.

Week #5: Cross-Atlantic Differences in How People Work

In this week, we learn that the Americans specialized in different industries than Europeans, have a more flexible labor market (which comes however with less job security), and also generally better managers.

Week #6: Review, and Midterm

See above for details on the midterm (‘Requirements and grading’). We also have a review session before the midterm, during which you can ask question and where we will together go through some example questions.

Week #7: Fall Break

Week #8: Differences in Where People Work, Live, and How They Move

We learn that Americans adopt new transport technologies, such as railroads and cars quicker, but also abandon older ones faster. This current emphasis on cars for commuting has created cities built around cars, yet cross-Atlantic differences outside city centers are not as pronounced as often argued

Week #9: What Is and Was the Land of Opportunity and Equality?

In this week we learn that inequality has increased in all developed nations in the past decades, but that this increase was stronger in anglophone countries; and discuss how inequality and social mobility are linked, and whether these differences are recent or not.

Week #10: Heaven's Doors and Golden Streets: Immigrants and Immigration

We learn how immigrants contribute to economies and assimilate to societies, both in Europe and the US, and how attitudes towards immigration, and immigration policies contribute to immigrant's success.

Week #11: Differences in the Education and Education Institutions

In this week, we learn how US Universities came to dominate global rankings, the role religion, policies, and persecution in Europe played in this, and also discuss how education was used to nation-build, in both Europe and the US.

Week #12: Student Presentations of Research Ideas

This week, students will present their ideas to the class on one difference between the US and Europe. The discussion after the presentation provides students with feedback on their term papers.

Week #13: Are Americans and Europeans Different? & Final Exam

In the first meeting of the week, we discuss whether US Americans and Europeans differ in their beliefs, values, and attitudes. After discussing why economists care about such cultural differences, we learn that some differences exist – for instance, Americans tend to be more individualistic than Europeans – and discover their historical origins.

There will be a final exam in the second meeting of the week.

Readings:

Papers for student presentations (subject to change)

Week #4. Cross-Atlantic Differences in Economic Prosperity?

- Broadberry, Stephen N. "How Did the United States and Germany Overtake Britain? A Sectoral Analysis of Comparative Productivity Levels, 1870-1990." *The Journal of Economic History*, vol. 58, no. 2, 1998, pp. 375–407.
- Bick, A., Brüggemann, B., & Fuchs-Schündeln, N. (2019). *Hours Worked in Europe and the United States: New Data, New Answers*. *The Scandinavian Journal of Economics*, 121(4), 1381–1416.

Week #5: Cross-Atlantic Differences in How People Work

- Rogerson, R. (2008). *Structural transformation and the deterioration of European labor market outcomes*. *Journal of Political Economy*, 116(2), 235-259.
- Bloom, N., Sadun, R., & Reenen, J. V. (2012). *Americans do IT better: US multinationals and the productivity miracle*. *American Economic Review*, 102(1), 167-201.

Week #8: Differences in Where People Work, Live and How They Move

- Baum-Snow, N. (2007). *Did Highways Cause Suburbanization?* *Quarterly Journal of Economics*, 122(2), 775-805.
- Brooks, L., & Lutz, B. (2019). *Vestiges of transit: Urban persistence at a microscale*. *Review of Economics and Statistics*, 101(3), 385-399.

Week #9: What Is and Was the Land of Opportunity and Equality?

- Alvaredo, F., Atkinson, A. B., Piketty, T., & Saez, E. (2013). *The top 1 percent in international and historical perspective*. Journal of Economic Perspectives, 27(3), 3-20.
- Song, X., Massey, C. G., Rolf, K. A., Ferrie, J. P., Rothbaum, J. L., Xie, Y. (2020). *Long-term decline in intergenerational mobility in the United States since the 1850s*. Proceedings of the National Academy of Sciences, 117(1), 251-258.

Week #10: Heaven's Doors and Golden Streets: Immigrants and Immigration

- Sequeira, S., Nunn, N., & Qian, N. (2020). *Immigrants and the Making of America*. The Review of Economic Studies, 87(1), 382-419.
- Feigenbaum, J., Palmer, M., & Schneer, B. *'Descended from Immigrants and Revolutionists': How Family Immigration History Shapes Representation in Congress*. Conditionally Accepted at Quarterly Journal of Economics.

Week #11: Differences in Education and Education Institutions

- Xiong, H., & Zhao, Y. (2023). *Sectarian Competition and the Market Provision of Human Capital*. The Journal of Economic History, 83(1)

Week #13: Are Americans and Europeans Different?

- Bazzi, S., Fiszbein, M. and Gebresilasie, M. (2020), *Frontier Culture: The Roots and Persistence of "Rugged Individualism" in the United States*. Econometrica, 88: 2329-2368