

# Topics in Applied Economics VI: Empirical Political Economy

**2019-2020 Academic Year**  
**Master of Research in Economics, Finance and Management**

## 1. Description of the subject

- Topics in Applied Economics
  - Total credits: 3 ECTS
  - Type of subject: Optative
  - Department of Economics and Business
  - Teaching team: Ruben Durante, Maria Petrova
- Code: 32091  
Workload: 75 hours  
Term: 2nd

## 2. Teaching guide

### ◉ Introduction

In recent decades, a thriving research program in political economics has shown that a proper understanding of economic phenomena in both developed and developing countries requires a consideration of the political and legal institutions in which markets operate. This course reviews key contributions in the field of political economics, with a focus on most recent contributions. The course will focus primarily on empirical work and will be organized around the following topics: i) inequality and redistribution, ii) inequality of opportunities, iii) identity, social image, and social norms, iv) the effect of mass media on socio-cultural attitudes, v) information and networks, vii) economic and political effects of social media. This is a Ph.D.-level course designed for students interested in doing research in political economy and related fields. All M.Res students can take the course. Master in Economics students are allowed if they take Econometric Methods II and if their GPA is not less than 7.0.

### ◉ Contents

#### Inequality and Redistribution

- Alesina, A., and E. Glaeser. 2004. *Fighting Poverty in the US and Europe: A World of Difference*. Oxford University Press.
- Piketty, T. 2013. *Capital in the Twenty First Century*. Harvard University Press.
- Alesina, A., and N. Fuchs-Schuendeln "Good Bye Lenin (or not?) – The Effect of Communism on People's Preferences," *American Economic Review*, September 2007 (97), 1507-1528
- Benabou, Roland, and Efe Ok. 2001. "Social Mobility and the Demand for Redistribution: The POUM Hypothesis." *Quarterly Journal of Economics* 116 (2), 447-487
- Alesina, A, G. Cozzi and N. Mantovan (2012) "The Evolution of Ideology, Fairness and Redistribution" *Economic Journal* 122: 1244-1261.
- Alberto Alesina and Paola Giuliano (2010) "Preferences for Redistribution," in A. Bisin and J. Benhabib (eds.) *Handbook of Social Economics*, North Holland.
- Durante, Ruben, and Louis Putterman. (2014) "Preferences for redistribution and perception of fairness: An experimental study." *Journal of European Economic Association*
- Alesina, Alberto, and George-Marios Angeletos "Fairness and Redistribution: US vs. Europe," *American Economic Review*, September 2005 (95), 913-35
- Benabou, Roland and Jean Tirole. 2006. "Belief in a Just World and Redistributive Politics." *Quarterly Journal of Economics* 121 (2), 699-745.
- Scheve, Kenneth and David Stasavage. 2006. Religion and Preferences for Social Insurance. *Quarterly Journal of Political Science* 1 (3), 255-286.
- Kuziemko, Ilyana, Michael Norton, Emmanuel Saez, and Stefanie Stantcheva (forthcoming) "How Elastic Are Preferences For Redistribution: Evidence From Randomized Survey Experiments," *American Economic Review*.
- Casey, Katherine. 2015. "Crossing Party Lines: The Effects of Information on Redistributive Politics." *American Economic Review*, 105 (8): 2410-48.

### **Inequality of Opportunities**

- Raj Chetty, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nick Turner (2014) Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility, *American Economic Review Papers and Proceedings* 104(5): 141-147.
- Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014) Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States, *Quarterly Journal of Economics* 129(4): 1553-1623, 2014
- Raj Chetty, Nathaniel Hendren (2015) The Effects of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County Level Estimates, working paper
- Raj Chetty, Nathaniel Hendren, and Lawrence Katz (2016) The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment", *American Economic Review*, 106(4): 855-902.
- Marrero, Gustavo A., and Juan G. Rodríguez. (2013) "Inequality of opportunity and growth." *Journal of Development Economics*, 104 : 107-122.
- Miles Corak (2013) "Income Inequality, Equality of Opportunity, and Intergenerational Mobility," *The Journal of Economic Perspectives*, 27 (3): 79-102

### **Identity, Social Image, and Social Norms**

- Akerlof, G., and R. Kranton (2010). *Identity Economics*. Princeton University Press
- Benabou, R., and J. Tirole (2006) "Incentives and Prosocial Behavior," *American Economic Review*
- Dan Ariely, Anat Bracha and Stephan Meier (2009) "Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially," *American Economic Review*
- Burzryn, Ederer, Ferman, Yuchtman "Understanding Mechanisms Underlying Peer Effects: Evidence from a Field Experiment on Financial Decisions," *Econometrica*, 82(4): 1273-1301 (2014)
- Burszryn, L., M. Callen, B. Ferman, S. Gulzar, A. Hasanain, and N. Yuchtman (2019) "Political Identity: Experimental Evidence on Anti-Americanism in Pakistan," *Journal of European Economic Association*, forthcoming
- Rao (2019) "Familiarity Does Not Breed Contempt: Diversity, Discrimination and Generosity in Delhi Schools," *American Economic Review*
- Burns, J. , L. Corno, and E. La Ferrara (2018) "Interaction, Stereotypes and Performance. Evidence from South Africa," *working paper*

### **The effect of Mass Media on Socio-Cultural attitudes**

- Putnam, R. D., *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon & Schuster, 2000.
- Olken, B. (2009), Do Television and Radio Destroy Social Capital? Evidence from Indonesian Villages, *American Economic Journal: Applied Economics* 1(4): 1-33.
- Durante, R., P. Pinotti and A. Tesei (2019), The Political Legacy of Entertainment TV, *American Economic Review*, vol. 109, n. 7, pp. 2497-2530.

- Bauernschuster, S., O. Falck, and L. Woessmann (2014), Surfing alone? The internet and social capital: Evidence from an unforeseeable technological mistake, *Journal of Public Economics*, vol. 117, pp. 73-89.
- Geraci, A., M. Nardotto, F. Sabatini, and T. Reggiani (2019), Broadband Internet and Social Capital, working paper.

### Information and Networks

- Jackson, Matthew "Social and Economic Networks" (2009), Princeton University Press
- Banerjee, Abhijit, Arun G. Chandrasekhar, Esther Duflo, and Matthew O. Jackson (2013) "The diffusion of microfinance." *Science* 341, no. 6144: 1236498.
- Mobius, Markus, Tuan Phan, and Adam Szeidl (2015) "Treasure hunt: Social learning in the field," *Working paper*.
- Banerjee, Abhijit, Arun G. Chandrasekhar, Esther Duflo, and Matthew O. Jackson (2014) Gossip: Identifying central individuals in a social network", *Working paper*.
- Arun G. Chandrasekhar, Horacio Larreguy, And Juan Pablo Xandri (2015) "Testing Models Of Social Learning On Networks: Evidence From A Lab Experiment In The Field," *Working paper*.
- Conley, T. and C. Udry (2010) "Learning about a New Technology: Pineapple in Ghana," *The American Economic Review*, 100, 35-69.

### Economic and Political Effects of Social Media

- Enikolopov, R., A. Makarin, and M. Petrova (2019) "Social Media and Protest Participation: Evidence from Russia," working paper
- Enikolopov, R., M. Petrova and K. Sonin "Social Media and Corruption," (2016) working paper
- Acemoglu, Daron, Tarek Hassan, and Ahmed Tahoun (2015) "The Power of the Street: Evidence from Egypt's Arab Spring," *Working paper*.
- Bond, R. M., Fariss, C. J., Jones, J. J., Kramer, A. D., Marlow, C., Settle, J. E., & Fowler, J. H. (2012). A 61-million-person experiment in social influence and political mobilization. *Nature*, 489(7415), 295-298.
- Halberstam, Yosh, and Brian Knight (2015) "Homophily, Group Size, and the Diffusion of Political Information in Social Networks: Evidence from Twitter," working paper
- Chen, Hailiang, Prabuddha De, J. Hu, and Byoung-Hyoun Hwang. (2014) "Wisdom Of Crowds: The Value Of Stock Opinions Transmitted Through Social Media", *Review of Financial Studies*, 27(5), 1367-1403.
- Gentzkow, M. and Shapiro, J., "Ideological Segregation Online and Offline, *Quarterly Journal of Economics* (2011) 126 (4), 1799-1839.
- Qin, Bei, David Strömberg, and Yanhui Wu. 2017. "Why Does China Allow Freer Social Media? Protests versus Surveillance and Propaganda." *Journal of Economic Perspectives*, 31(1): 117-40.
- Allcott, Hunt, Luca Braghieri, Sarah Eichmeyer, and Matthew Gentzkow. 2019. "The Welfare Effects of Social Media." *Working Paper*.
- Zhuravskaya, Ekaterina, Ruben Enikolopov, and Maria Petrova. 2019. "Political Effects of the Internet and Social Media," prepared for the *Annual Review of Economics*

### 🌟 Teaching methodology

## **Approach and general organization of the subject**

The course will be based on the discussion of the relevant research papers. There will be two weekly lectures and no seminars, but the student will be required to spend substantial amount of time reading the required papers outside the classroom.

## **Assessment**

### **Assessment system**

The grade will be a combination of active class participation and attendance, weekly referee reports, class presentations, and the final short research paper.

### **Grading system**

The weight in the final grade:

- referee reports and class presentation - 45%
- class participation - 5%
- research paper - 50%

### 3. Programme of activities

- 🕒 Description of the subject: Topics in Applied Economics VI
- 🕒 Total credits: 3 ECTS                      Total number of hours: 20
- 🕒 Estimated time spent on the subject: 60
  - In the classroom: 20
  - Outside the classroom: XXX

#### Weekly timetable of learning and assessment activities

Week (dates)	Work in the classroom (plenary, seminar, practical, etc.)	Estimated time	Activities outside the classroom (time studying, preparing activities, etc.)	Estimated time
1st week	Introduction. Inequality and Redistribution	2		
	Inequality of Opportunities	2		
2nd week	Identity, Social Image, and Social Norms (1)	2	Referee Report	5
	Identity, Social Image, and Social Norms (2)	2	Brainstorming topics of term papers.	1
3rd week	The effect of Mass Media on Socio-Economic attitudes (1)	2	Referee Report	5
	The effect of Mass Media on Socio-Economic attitudes (1)	2	Developing topics of term papers.	1
4th week	Information and Networks (1)	2	Referee Report	5
	Information and Networks (2)	2	Preliminary results on term paper projects	3
5th week	Economic and Political Effects of Social Media	2	(Optional) Referee Report	5
	Student presentations of the term paper projects.	2	Preparing presentation	5
6th week				
7th week				
8th week				
9th week				
10th week				
Exam Period			Term paper	10
<b>Total hours</b>		20		40

