

Topics in Applied Economics VI: Economics of Information

2017-2018 Academic Year
Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Applied Economics VI
 - Total credits: 3 ECTS
 - Type of subject: Optative
 - Department of Economics and Business
 - Teaching team: Maria Petrova / Ruben Enikolopov
- Code: 32091
Workload: 75 hours
Term: 3rd

2. Teaching guide

• Introduction

In recent years, there has been a growth of papers using applied empirical methods in study different aspects of information economics, such as transparency, information and mass media, Internet and social media. The purpose of this course is to introduce basic concepts from this quickly growing literature. The main focus will be on the study of research approaches used in recent top papers in the area. This class is designed for students interested in doing research in political economy, mass media economics, Internet economics, and related fields.

The class will focus on economics of mass media, media and accountability, economics of transparency, and the growing literature on the economics of Internet and social media.

The course will focus on empirical research, though some theoretical models will be included as well.

This is PhD level class.

All MRes students are allowed to take this class. For Master in Economics students, we ask for Econometric Methods II class to be taken, and for GPA to be not less than 7.0.

• Contents

Media, transparency, and accountability

- **McMillan, John and Pablo Zoido (2004) "How to Subvert Democracy: Montesinos in Peru," *Journal of Economic Perspectives*, 18(4): 69-92.
- **Stromberg, David (2015) "Media Coverage and Political Accountability: Theory and Evidence" in *Handbook of Media Economics*, Simon Anderson, David Strömberg, Joel Waldfogel (eds.), Elsevier.
- Stromberg, David (2004) "Radio's Impact on Public Spending", *Quarterly Journal of Economics*, 119(1), pp. 189-221
- Claudio Ferraz and Frederico Finan (2008) Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes, *Quarterly Journal of Economics* 123 (2): 703-745
- Malesky, Edmund, Paul Schuler, and Anh Tran (2012) "The Adverse Effects of Sunshine: A Field Experiment on Legislative Transparency in an Authoritarian Assembly," *American Political Science Review* 106(4): 762-786.
- Brunetti, Aymo, and Beatrice Weder (2003) "A free press is bad news for corruption." *Journal of Public economics*, 87(7): 1801-1824.

Media bias

- Gentzkow, Matthew, and Jesse Shapiro (2105) "Media Bias in the Marketplace: Theory" in *Handbook of Media Economics*, Simon Anderson, David Strömberg, Joel Waldfogel (eds.), Elsevier.
- Puglisi, Riccardo, and James Snyder (2015) "Empirical Studies of Media Bias" in *Handbook of Media Economics*, Simon Anderson, David Strömberg, Joel Waldfogel (eds.), Elsevier.
- Gentzkow, Matthew, and Jesse Shapiro (2006) "Media Bias and Reputation" *Journal of Political Economy*, 114 (2), pp. 280-316
- ** Gentzkow, Matthew, and Jesse Shapiro (2010) "What Drives Media Slant? Evidence from U.S. Daily Newspapers" *Econometrica*. 78 (1). January 2010.

- Petrova, M. 2011 "Newspapers and Parties: How Advertising Revenues Created an Independent Press," *American Political Science Review*, November 2011, 105(4), pp.790-808
- Gentzkow, Matthew, Nathan Petek, Jesse M. Shapiro, and Michael Sinkinson (2015) "Do Newspapers Serve the State? Incumbent Party Influence on the US Press, 1869-1928," *Journal of European Economic Association*, 13(1): 29-61.
- **Durante and Knight, "Partisan Control, Media Bias, and Viewer Responses: Evidence from Berlusconi's Italy," *Journal of the European Economic Association*, 2012.
- J. Duggan & C. Martinelli, 2011. "A Spatial Theory of Media Slant and Voter Choice," *Review of Economic Studies*, Oxford University Press, vol. 78(2), pages 640-666.
- Galvis, Ángela Fonseca, James M. Snyder Jr, and B. K. Song (2016) "Newspaper Market Structure and Behavior: Partisan Coverage of Political Scandals in the U.S. from 1870 to 1910," *Journal of Politics*, 78(2), 368-381.
- Durante, R. and E. Zhuravskaya (2015) "Attack When the World is Not Watching? International Media and the Israeli-Palestinian Conflict," working paper
- Qin, Bei, Yanhui Wu, and David Strömberg (2014) "Determinants of Media Capture in China," Working paper
- Qian, Nancy, and David Yanagizawa-Drott (forthcoming) "Government Distortion in Independently Owned Media: Evidence from U.S. Cold War News Coverage of Human Rights," *Journal of the European Economic Association*.
- Reuter, Jonathan, and Eric Zitzewitz (2006) "Do Ads Influence Editors? Advertising And Bias In The Financial Media," *Quarterly Journal of Economics* 121 (1), 197-227.
- Shapiro, Jesse (2014) "Special interests and the media: Theory and an application to climate change," Working paper.

Media capture

- Enikolopov, Ruben, and Maria Petrova (2015) "Media Capture: Empirical Evidence" in *Handbook of Media Economics*, Simon Anderson, David Strömberg, Joel Waldfogel (eds.), Elsevier.
- Prat, Andrea(2015) "Media Capture and Media Power" in *Handbook of Media Economics*, Simon Anderson, David Strömberg, Joel Waldfogel (eds.), Elsevier.
- Besley and Prat , 2006, "Handcuffs for the Grabbing Hand?" *AER*, vol. 96, n.3, pp. 720-736.
- Petrova, Maria (2008) *Journal of Public Economics*, February 2008, 92 (1-2) , pp. 183-212
- Di Tella, Rafael, and Ignacio Franceschelli (2011) "Government advertising and media coverage of corruption scandals." *American Economic Journal: Applied Economics*, 3(4): 119-51.
- DellaVigna, Stefano, Ruben Durante, Brian Knight and Eliana La Ferrara (2016) "Market-based Lobbying: Evidence from Advertising Spending in Italy," *American Economic Journal: Applied Economics*, 8(1), pp.224-256.
- DellaVigna, Stefano and Johannes Hermle (2014) "Does Conflict of Interest Lead to Biased Coverage? Evidence from Movie Reviews," Working paper.
- Egorov, Georgy, Sergei Guriev and Konstantin Sonin (2009) "Why Resource-Poor Dictators Allow Freer Media: A Theory And Evidence From Panel Data." *American Political Science Review*. 103(4): 645-668.
- King, Gary, Jennifer Pan, and Margaret E. Roberts (2013) "How Censorship in China Allows Government Criticism but Silences Collective Expression," *American Political Science Review*, 107(2): 326-343.
- King, Gary, Jennifer Pan, and Margaret E. Roberts (2014) "Reverse-Engineering Censorship In China: Randomized Experimentation And Participant Observation." *Science* 345(6199): 1-10.
- Stanig, Piero (2015) "Regulation of Speech and Media Coverage of Corruption: An Empirical Analysis of the Mexican Press," *American Political Science Review*, 59(1): 175-193.

Media effects

- DellaVigna and Kaplan, 2007, "The Fox News Effect: Media Bias and Voting", QJE, vol. 122, n. 3, pp. 1187-1234.
- Eisensee and Stromberg, 2007, "News Droughts, News Floods, and U.S. Disaster Relief," QJE, vol. 122, n.2, pp. 693-728.
- Adena, M., Enikolopov, R., Petrova, M., Santarosa, V., and Zhuravskaya, E. (2015) "Radio and the Rise of the Nazis in pre-War Germany," *Quarterly Journal of Economics*, 130(4): 1885-1939.
- Barone, G., F. d'Acunto, and G. Narciso (2015) "Telecracy: Testing for Channels of Persuasion," (2014) *American Economic Journal: Economic Policy*, 7(2), pp.30-60.
- Reinikka and Svensson, 2004, "The power of information: evidence from a newspaper campaign to reduce capture," Policy Research Working Paper Series 3239, World Bank.
- Gentzkow, M., J. M. Shapiro, and M. Sinkinson "The Effect of Newspaper Entry and Exit on Electoral Politics" *American Economic Review*. 101 (7). December 2011.
- Knight, B.G., and C.F. Chiang, 2011, "Media Bias and Influence: Evidence from Newspaper Endorsements" *Review of Economic Studies*, 78(3), 795-820.

Limits of propaganda

- Enikolopov, R., Petrova, M., and Zhuravskaya, E., "Media and Political Persuasion: Evidence from Russia", *American Economic Review*, December 2011, 111(7), 3253-85
- Bai, Jie, Mikhail Golosov, Nancy Qian, Yan Kai (2014) "Understanding the Influence of Government Controlled Media: Evidence from Air Pollution in China," Working paper
- Knight, B., and A. Tribin (2015) "The Limits of Propaganda: Evidence from Chavez's Venezuela," working paper
- Hainmueller, Jens, and Holger L. Kern. 2009. "Opium for the Masses: How Foreign Media Can Stabilize Authoritarian Regimes." *Political Analysis* 17: 377-99.

Information and Social Networks

- Banerjee, Abhijit, Arun G. Chandrasekhar, Esther Duflo, and Matthew O. Jackson (2013) "The diffusion of microfinance." *Science* 341, no. 6144: 1236-498.
- 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.

Broadband penetration effects

- Falck, Oliver, Robert Gold, and Stephan Heblich (2014) "E-lelections: Voting Behavior and the Internet." *American Economic Review*, 104(7): 2238-65.
- Campante, F., R. Durante, and F. Sobrio "Politics 2.0: The Multifaceted Effect of Broadband Internet on Political Participation," (2016) working paper
- Miner, L. (2015) "The unintended consequences of Internet diffusion: Evidence from Malaysia," *Journal of Public Economics*, 132, 66-78.

- Gavazza, Alessandro, Mattia Nardotto, and Tommaso M. Valletti (2015) "Internet and politics: Evidence from UK local elections and local government policies," Working paper.
- M. Bhuller, T. Havnes, E. Leuven, and M. Mogstad (2013) "Broadband Internet: An Information Superhighway to Sex Crime?" *Review of Economic Studies*, 80, 1237-1266

Effects of Social Media

- **Enikolopov, R., A. Makarin, and M. Petrova (2015) "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.

Social Effects of Mass Media

- DellaVigna, Stefano and Eliana La Ferrara (2015) "Economic and Social Impacts of the Media"
- Chong, Alberto, Suzanne Duryea and Eliana La Ferrara (2012) "Soap Operas and Fertility: Evidence from Brazil" *American Economic Journal: Applied Economics*, 4(4), 1-31.
- Chong, Alberto, and Eliana La Ferrara (2009) "Television and divorce: evidence from Brazilian novelas" *Journal of European Economic Association Papers and Proceedings* 7 (2-3), 458-468.
- Kearney, Melissa S., and Phillip B. Levine (2015) "Media influences on social outcomes: the impact of MTV's 16 and pregnant on teen childbearing," *The American Economic Review* 105.12 (2015): 3597-3632.
- Yanagizawa-Drott, David (2014) "Propaganda And Conflict: Theory And Evidence From The Rwandan Genocide." *Quarterly Journal of Economics*, 129(4), 1947-1994.
- DellaVigna, Stefano, Ruben Enikolopov, Vera Mironova, Maria Petrova, and Ekaterina Zhuravskaya (2014) "Cross-border media and nationalism: Evidence from Serbian radio in Croatia." *American Economic Journal: Applied Economics* 6, (3): 103-132.

• **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, and the final short research paper.

Grading system

The weight in the final grade:

- referee reports – 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	Why study information? Introduction. Examples.	2		
	Historical newspapers and media economics	2		
2nd week	Theoretical models of media bias	2	Referee Report	5
	Empirical measures of media bias.	2	Brainstorming topics of term papers.	1
3rd week	Media effects.	2	Referee Report	5
	Broadband penetration effects.	2	Developing topics of term papers.	1
4th week	Social media effects.	2	Referee Report	5
	Information and Social Networks	2	Preliminary results on term paper projects	3
5th week	Social impact of mass media.	2	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
Total hours		20		40