

Topics in Political Economics (Fall 2022)

Organizers: Benjamin Enke and David Yang

Course description: This class introduces students to a wide range of topics at the current frontier of political economy research. The class consists of a sequence of modules, each of which is taught by a different faculty member. Topics covered include the political economy of development and of non-democratic regimes, media, drivers of voting behavior and polarization, social norms and culture, and behavioral political economy. Methodologically, the class covers a range of techniques, including administrative data, text analysis, field experiments, and surveys. Participating faculty include Melissa Dell, Benjamin Enke, David Yang, Jesse Shapiro, Vincent Pons, and Eliana La Ferrara.

Contact information:

- Benjamin Enke, organizing faculty (enke@fas.harvard.edu)
- David Yang, organizing faculty (davidyang@fas.harvard.edu)
- Aakaash Rao, teaching fellow (arao@g.harvard.edu)

Please direct all logistical questions to Aakaash.

Meeting time and location: Fridays, 9am-11:30am in XXX. Aakaash will hold sections to review core material and problem sets (time and location TBD) and office hours by appointment.

Enrollment eligibility and audit policy: Enrollment is limited to Ph.D. students in Economics, Government, Public Policy, and adjacent disciplines. Auditors satisfying these requirements are welcome. Others (undergraduates and masters students, doctoral students in other disciplines) who wish to audit the class should attend the first meeting, then email Aakaash with a transcript and a statement of interest for permission to attend future meetings.

Assessment: Students will be assessed based on the following criteria.

- *Class participation:* All students are expected to attend class in person (barring illness or other extenuating circumstances) and to actively participate in class. Unless otherwise noted, classes will not be recorded.
- *Weekly comments:* Each week, students will write a comment on an assigned reading or set of readings, to be submitted by noon the Wednesday before class. Comments can be short, but should reflect serious engagement with the readings: a comment might include an alternative interpretation of the results, a related question that the paper leaves unanswered, and/or a sug-

gestion for future research. Aakaash will read these comments and provide a summary to the faculty member lecturing the following day.

- *Problem sets*: Students will complete two problem sets. Students encouraged to work together on these problem sets in groups of four (or fewer) and to submit a joint write-up.
 - Problem set 1 (*due Thursday, September 29*): experimental design
 - Problem set 2 (*due Thursday, November 10*): ideal point estimation and topic modeling
- *Extended referee report (due Thursday, October 20)*: Students will write an “extended” referee report on a recent empirical political economy paper that uses a difference-in-differences or regression discontinuity approach, for which replication code and data is available. This referee report will include detailed engagement with the empirical analysis, requiring students to replicate the main findings and to propose and implement one or more robustness checks. Students are encouraged to work together on this report in pairs.
- *Final proposal (due January 2023)*: Throughout the semester, students will write a research proposal. The proposal should include an introduction motivating the project and situating it in the literature (making up results is fine, within reason), a discussion of the empirical strategy/ experimental design and/or model, and any preliminary results. Students are welcome to coauthor proposals.
- *Final presentation (December 10)*: Students will have the opportunity to present proposals during the final meeting of class, which will take place during the window scheduled for the final exam.

Course outline (subject to change):

- Dell: Foundations and Political Economy of Development (September 2 and September 9)
- Enke: Morality and Culture (September 16 and September 23)
- Yang: Political Economy of Frontier Innovation and Political Economy of Policy Innovation (September 30 and October 7)
- Shapiro: Media and Polarization in the U.S. Congress (**TBD** * and October 14)
- Pons: Drivers and Consequences of Election Outcomes (October 28 and November 4)
- La Ferrara: Social Norms: Origins and Policy Responses (November 11 and November 18)

** We avoided scheduling a class for October 21 due to a conflict with the NBER PE meeting. A poll will be sent out at the beginning of the semester to find the best alternative time. The lecture will be recorded and made available to those who are unable to attend.*

Reading list:

Starred () readings are those on which students should write their weekly comments. If multiple readings are starred, students can write a comment synthesizing some or all of them or choose a single reading to engage with in more depth.*

September 2: Voting (Dell)

Collective choice and Static Voting Models

We will first review collective choice and static voting models. While there could be an entire course or series of courses focusing only on collective choice, our main objective is to become familiar with the basics that come up frequently in the political economy literature.

- * Person, Torsten and Guido Tabellini (2000). *Political Economics: Explaining Economic Policy*, Cambridge; The MIT Press, Chapters 2, 3, 4, and 6.
- * Maskin, E. "The Arrow Impossibility Theorem: Where Do We Go From Here?" <https://www.sss.ias.edu/files/papers/econpaper93.pdf>

Dynamic voting and distributive policies

We will then discuss voting over distributive policies in dynamic models. The first two readings are a review of dynamic games. If you have not worked with dynamic games recently, please be sure to carefully review these before class.

- * Fudenberg, Drew and Jean Tirole (1991) *Game Theory*, Cambridge; MIT Press. Chapters 4, 5 and 13.
- * Acemoglu, D. "A review of Dynamic Games" (see course website).
- * Alesina, Alberto and Rodrik, Dani (1994) "Distributive Politics and Economic Growth," *Quarterly Journal of Economics*, 109, 465-490.
- * Hassler Jon, Mora, Sevi, Storlesseten, Kjandetil and Zilibotti, Fabrizio (2003). "Survival of the Welfare State," *American Economic Review*, 93, 87-112.
- Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2008). "Coalition Formation in Nondemocratic Societies." *Review of Economic Studies*.
- Roberts, Kevin (2005). "Dynamic Voting in Clubs," *mimeo*. <http://sticerd.lse.ac.uk/dps/te/te367.pdf>.

Voting: empirical evidence

Finally, we will examine empirical questions about voting, in particular whether policies represent the median voter and how candidates can buy votes. The first article in the reading list is a seminal RD paper, providing an excellent context in which to discuss this methodology.

- * Lee, D. S., Moretti, E., & Butler, M. J. (2004). Do voters affect or elect policies? Evidence from the US House. *The Quarterly Journal of Economics*, 807-859.

- * Chattopadhyay, Raghabendra and Duflo, Esther (2004) “Women as Policy Makers: Evidence from an India-wide Randomized Policy Experiment”, *Econometrica*, Vol. 72, No. 5, pp. 1409-1443.
- * Jones, Benjamin F. and Olken, Benjamin A. (2005) “Do Leaders Matter? National Leadership and Growth Since World War II,” *Quarterly Journal of Economics*, 120, 835-864
- * Fujiwara, Thomas (2015), "Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil." *Econometrica*.
- Larreguy, H., Marshall, J., and Querubin, P. (2016). "When do Parties Buy Turnout? How Monitoring Capacity Facilitates Voter Mobilization in Mexico" *American Political Science Review*.
- Baland, Jean Marie and James A. Robinson (2008) “Land and Power: Theory and Evidence from Chile”, *American Economic Review* 98 , no. 5 (2008): 1737–65
- Finan, Frederico and Laura Schecter (2012) "Vote-Buying and Reciprocity", *Econometrica*, 80(2): 863-881.
- Pande, Rohini, (2003) “Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities”, *American Economic Review* 93 (4), pp 1132-1151.
- Vicente, Pedro (2013), "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa?" *Economic Journal*.

September 9: The Political Economy of Long-Run Development (Dell)

Historical institutions and long-run development

We will discuss longer-run institutional determinants of economic prosperity, and also introduce two commonly used methodologies: instrumental variables and spatial regression discontinuity.

- * Acemoglu, D., Johnson, S., & Robinson, J. A. (2002). “Reversal of fortune: Geography and institutions in the making of the modern world income distribution.” *Quarterly journal of economics*, 1231-1294.
- * Dell, M. (2010). “The persistent effects of Peru's mining mita.” *Econometrica*, 78(6), 1863-1903.
- * Dell M. and B. Olken (2020): “The Development Effects of the Extractive Colonial Economy: The Dutch Cultivation System in Java.” *Review of Economic Studies*.
- * Nunn N. The Long Term Effects of Africa's Slave Trades. *Quarterly Journal of Economics*. 2008;123(1):139-176.
- Nunn, N., & Puga, D. (2012). Ruggedness: The blessing of bad geography in Africa. *Review of Economics and Statistics*, 94(1), 20-36.
- Nunn, Nathan, and Leonard Wantchekon. 2011. "The Slave Trade and the Origins of Mistrust in Africa." *American Economic Review*, 101(7): 3221-52.
- Iyer, L., & Banerjee, A. (2005). History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India. *American Economic Review*, 95(3), 1190-1213.
- La Porta R, Lopez-de-Silanes F, Shleifer A, Vishny R. (1998). Law and finance. *Journal of Political Economy*.

- Engerman, S. L., & Sokoloff, K. L. (2002). "Factor endowments, inequality, and paths of development among new world economies" (No. w9259). National Bureau of Economic Research.
- Feyrer, J., & Sacerdote, B. (2009). Colonialism and modern income: islands as natural experiments. *The Review of Economics and Statistics*, 91(2), 245-262.
- Huillery, Elise. "History matters: The long-term impact of colonial public investments in French West Africa." *American Economic Journal: Applied Economics* (2009): 176-215.
- Acemoglu, D., Johnson, S., & Robinson, J. A (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review*, 91(5), 1369-1401.
- Acemoglu, Daron, Simon Johnson and James Robinson (2006) "Institutions as a Fundamental Cause of Long-Run Growth" in Philippe Aghion and Steven Durlauf eds. *Handbook of Economic Growth*, Amsterdam; North-Holland.
- Albouy, D. Y. (2012). The colonial origins of comparative development: an empirical investigation: comment. *The American Economic Review*, 102(6), 3059-3076.
- Acemoglu, D., Johnson, S., & Robinson, J. A. (2012). The colonial origins of comparative development: An empirical investigation: Reply. *The American Economic Review*, 102(6), 3077-3110.

State Capacity and Economic Development

- * Dell, M., N. Lane, and P. Querubin (201). "The Historical State, Local Collective Action, and Economic Development in Vietnam." *Econometrica*.
- * Michalopoulos, S., & Papaioannou, E. (2013). Pre-Colonial Ethnic Institutions and Contemporary African Development. *Econometrica*, 81(1), 113-152.
- * Michalopoulos, S., & Papaioannou, E (2014). National Institutions and Subnational Development in Africa. *The Quarterly Journal of Economics*, 129(1), 151-213.
- Acemoglu, D (2005). "Politics and Economics in Weak and Strong States", *Journal of Monetary Economics*, 52, 1199-1226.
- Acemoglu, D., García-Jimeno, C., & Robinson, J. A. (2015). "State Capacity and Economic Development: A Network Approach" *American Economic Review*.
- Besley, T. and T. Persson (2009). "The Origins of State Capacity: Property Rights, Taxation, and Politics." *American Economic Review*, 99(4): 1218-44.

September 16: Morality in Political Economics (Enke)

- Enke, B. (2020). Moral Values and Voting. *Journal of Political Economy*, 128(10), 3679–3729.
- * Enke, B., Polborn, M., & Wu, A. (2022). Morals as Luxury Goods and Political Polarization (Working Paper No. 30001). National Bureau of Economic Research. w30001
- Enke, B., Rodríguez-Padilla, R., & Zimmermann, F. (2020). Moral Universalism and the Structure of Ideology (Working Paper No. 27511). National Bureau of Economic Research.
- Haidt, J. (2013). *The Righteous Mind: Why Good People Are Divided by Politics and Religion*.

- Shayo, M. (2020). Social Identity and Economic Policy. *Annual Review of Economics*, 12(1), 355–389.

September 23: Culture (Enke)

- Cao, Y., Enke, B., Falk, A., Giuliano, P., & Nunn, N. (2021). Herding, Warfare, and a Culture of Honor: Global Evidence (Working Paper No. 29250). National Bureau of Economic Research.
- * Cappelen, A. W., Enke, B., & Tungodden, B. (2022). Universalism: Global Evidence (Working Paper No. 30157). National Bureau of Economic Research.
- Enke, B. (2019). Kinship, Cooperation, and the Evolution of Moral Systems. *The Quarterly Journal of Economics*, 134(2), 953–1019.
- Falk, A., Becker, A., Dohmen, T., Enke, B., Huffman, D., & Sunde, U. (2018). Global Evidence on Economic Preferences. *The Quarterly Journal of Economics*, 133(4), 1645–1692.
- Henrich, J. (2020). The WEIRD People in the World: How the West Became Psychologically Peculiar and Particularly Prosperous. Farrar, Straus and Giroux.
- Le Rossignol, E., & Lowes, S. (2022). Ancestral Livelihoods and Moral Universalism: Evidence from Transhumant Pastoralist Societies (Working Paper No. 30259). National Bureau of Economic Research.
- Tabellini, G. (2008). The Scope of Cooperation: Values and Incentives. *The Quarterly Journal of Economics*, 123(3), 905–950.

September 30: Political Economy of Frontier Innovation (Yang)

- * Beraja, Martin, Andrew Kao, David Y. Yang, Noam Yuchtman, “AI-tocracy”, Working Paper 2022.
- * Acemoglu, Daron, David Y Yang, Jie Zhou, "Power and the Direction of Research: Evidence from China's Academia". Working Paper 2022.
- Beraja, Martin, David Y Yang, and Noam Yuchtman, “Data-intensive Innovation and the State: Evidence from AI Firms in China,” Review of Economic Studies, forthcoming.
- Jones, Charles I and Christopher Tonetti, “Nonrivalry and the Economics of Data,” American Economic Review, 2020, 110 (9), 2819–58.
- Moretti, Enrico, Claudia Steinwender, and John Van Reenen, “The Intellectual Spoils of War? Defense R&D, Productivity and International Spillovers,” NBER Working Paper, November 2019, pp. 1–76.
- Acemoglu, Daron and James A Robinson, “Economic Backwardness in Political Perspective,” American Political Science Review, February 2006, 100 (1), 1–17.
- Aghion, Philippe, Alberto Alesina, and Francesco Trebbi, “Democracy, Technology, and Growth,” Working Paper 13180, National Bureau of Economic Research June 2007.

October 7: Political Economy of Policy Innovation (Yang)

- * Wang, Shaoda and David Y. Yang, "Policy Experimentation in China: the Political Economy of Policy Learning", working paper, 2022.
- * DellaVigna, Stefano, and Elizabeth Linos. 2020. Rcts to scale: Comprehensive evidence from two nudge units. Technical report. National Bureau of Economic Research.

- Callander, Steven. 2011. "Searching for good policies." *American Political Science Review*, 643–662.
- DellaVigna, Stefano, and Woojin Kim. 2021. "Policy Diffusion and Polarization across U.S. States."
- Qian, Yingyi, Gerard Roland, and Chenggang Xu. 2006. "Coordination and experimentation in M-form and U-form organizations." *Journal of Political Economy* 114 (2): 366–402.
- Hjort, Jonas, Diana Moreira, Gautam Rao, and Juan Francisco Santini. 2019. How research affects policy: Experimental evidence from 2,150 Brazilian municipalities. Technical report. National Bureau of Economic Research.

October 13: Polarization and Spatial Modeling (Shapiro)

- Canen, Nathan, Chad Kendall, and Francesco Trebbi (2021). "Political Parties as Drivers of U.S. Polarization: 1927-2018." Cambridge, MA: National Bureau of Economic Research.
- * Canen, Nathan, Chad Kendall, and Francesco Trebbi (2020). "Unbundling Polarization." *Econometrica* 88, no. 3: 1197–1233. <https://doi.org/10.3982/ECTA16756>.
- Laver, Michael (2014). "Measuring Policy Positions in Political Space." *Annual Review of Political Science*, 17:1, 207-223
- Gentzkow, Matthew, Jesse M. Shapiro, and Matt Taddy (2019). "Measuring Group Differences in High-Dimensional Choices: Method and Application to Congressional Speech." *Econometrica* 87, no. 4: 1307–40. <https://doi.org/10.3982/ECTA16566>.

October 14: Media and Text Analysis (Shapiro)

- * Cagé, Julia, Nicolas Hervé, and Marie-Luce Viaud (2020). "The Production of Information in an Online World." *The Review of Economic Studies* 87, no. 5: 2126–64.
- * Djourelouva, Milena (2020). "Media Persuasion through Slanted Language: Evidence from the Coverage of Immigration." Barcelona School of Economics.
- Martin, Gregory J., and Ali Yurukoglu (2017). "Bias in Cable News: Persuasion and Polarization." *American Economic Review* 107, no. 9: 2565–99.
- Gentzkow, Matthew, Jesse M. Shapiro, and Matt Taddy (2019). "Measuring Group Differences in High-Dimensional Choices: Method and Application to Congressional Speech." *Econometrica* 87, no. 4: 1307–40.

October 28: Drivers of Election Outcomes (Pons)

Avis, Ferraz, Finan and Varjao, Money and politics: The effects of campaign spending limits on political entry and competition, *American Economic Journal: Applied Economics*, 2022

Bonica, Mapping the Ideological Marketplace, *American Journal of Political Science*, 2014

Bouton, Cagé, Dewitte and Pons, Small Campaign Donors, NBER wp, 2022

Braconnier, Dormagen and Pons, Voter Registration Costs and Disenfranchisement: Experimental Evidence from France, *American Political Science Review*, 2017

Broberg, Pons and Tricaud, The Impact of Campaign Finance Rules on Candidate Selection and Electoral Outcomes: Evidence from France, NBER wp, 2022

* Cantoni and Pons, Does Context Outweigh Individual Characteristics in Driving Voting Behavior? Evidence from Relocations within the U.S., American Economic Review, 2022

Dal Bo, Finan, Folke, Persson and Rickne, Who Becomes a Politician?, The Quarterly Journal of Economics, 2017

DellaVigna, List, Malmendier and Rao, Voting to Tell Others, Review of Economic Studies, 2016

Feddersen and Sandroni, A Theory of Participation in Elections, American Economic Review, 2006

Fishkin, Siu, Diamond and Bradburn, Is Deliberation an Antidote to Extreme Partisan Polarization? Reflections on “America in One Room”, American Political Science Review, 2021

Fowler, Baker and Dawes, Genetic Variation in Political Participation, American Political Science Review, 2008

Gerber and Green, The Effects of Canvassing, Telephone Calls, and Direct Mail on Voter Turnout: A Field Experiment, American Political Science Review, 2000

Gerber, Hoffman, Morgan and Raymond, One in a Million: Field Experiments on Perceived Closeness of the Election and Voter Turnout, American Economic Journal: Applied Economics, 2020

Granzier, Pons and Tricaud, The Large Effects of a Small Win: How Past Rankings Shape the Behavior of Voters and Candidates, conditionally accepted, American Economic Journal: Applied Economics

Le Pennec and Pons, How Do Campaigns Shape Vote Choice? Multi-Country Evidence from 62 Elections and 56 TV Debates, conditionally accepted, Quarterly Journal of Economics

Pons, Will a Five-Minute Discussion Change Your Mind? A Countrywide Experiment on Voter Choice in France, American Economic Review, 2018

* Pons and Tricaud, Expressive Voting and Its Cost: Evidence from Runoffs with Two or Three Candidates, Econometrica, 2018

Spenkuch, Expressive vs. Strategic Voters: An Empirical Assessment, Journal of Public Economics, 2018

Spenkuch and Toniatti, Political Advertising and Election Results, The Quarterly Journal of Economics, 2018

November 4: Consequences of Elections (Pons)

Acemoglu et al., Democracy Does Cause Growth, Journal of Political Economy, 2019

Braconnier, Dormagen and Pons, Voter Registration Costs and Disenfranchisement: Experimental Evidence from France, American Political Science Review, 2017

Cascio and Washington, Valuing the Vote: The Redistribution of Voting Rights and State Funds following the Voting Rights Act of 1965, The Quarterly Journal of Economics, 2014

Chattopadhyay and Duflo, Women as Policy Makers: Evidence from a Randomized Policy Experiment in India, Econometrica, 2004

* Ferraz and Finan, Electoral Accountability and Corruption: Evidence from the Audits of Local Governments, American Economic Review, 2011

Ferreira and Gyourko, Do Political Parties Matter? Evidence from U.S. Cities, The Quarterly Journal of Economics, 2009

Fowler, Electoral and Policy Consequences of Voter Turnout: Evidence from Compulsory Voting in Australia, Quarterly Journal of Political Science, 2013

Fujiwara, Voting Technology, Political Responsiveness, and Infant Health: Evidence From Brazil, Econometrica, 2015

Husted and Kenny, The Effect of the Expansion of the Voting Franchise on the Size of Government, Journal of Political Economy, 1997

Jones and Olken, Do Leaders Matter? National Leadership and Growth Since World War II, The Quarterly Journal of Economics, 2005

* Marx, Pons and Rollet, Electoral Turnovers, NBER wp, 2022

Miller, Women's Suffrage, Political Responsiveness, and Child Survival in American History, The Quarterly Journal of Economics, 2008

Papaioannou and Siourounis, Democratisation and Growth, Economic Journal, 2008

Shineman, If You Mobilize Them, They Will Become Informed: Experimental Evidence that Information Acquisition Is Endogenous to Costs and Incentives to Participate, British Journal of Political Science, 2016

November 11: TBD (La Ferrara)

November 18: TBD (La Ferrara)