

POLITICAL ECONOMY:  
VOTERS, INFORMATION AND MEDIA  
ECO334H1S WINTER 2014  
THURSDAYS 11 TO 1 AT SS2127

In this course, we will develop tools to analyze voters and the role of information in democracies. We will evaluate theories of voter information using empirical literature on media and the political economy of media. We will explore the effects of innovations in information technology and evaluate how the empirical results square with the theory. We will study newspapers, radio, television, cable, the Internet and social media, and focus on empirical methods used to identify effects of media on voters.

The goal of this course is to effectively evaluate work on the political economy of media. As such, you are required to read the course references before class to improve quality of lecture time. You will be required to apply strategies you have learned in class to problems sets, a midterm and term paper.

INSTRUCTOR:

Prof. Yosh Halberstam, [yosh.halberstam@utoronto.ca](mailto:yosh.halberstam@utoronto.ca)

Office: Economics, 311

Office Hours: Tuesdays 11 to 1 (drop in or by appointment)

Appointments can be made at <http://www.calendly.com/yosh/oh-pe>

TEACHING ASSISTANT:

Juan Morales, [juan.morales@utoronto.ca](mailto:juan.morales@utoronto.ca)

Office Hours: Fridays 9 to 11, Economics, GE 213

Tutorials: Fridays 2 to 3, SS 2127 (only when announced in advance)

EVALUATION:

Problem sets (2) - 20%

Quizzes (10) - 10%

Midterm (1) - 30%

Paper (1) - 30%

PROBLEM SETS:

There will be two problem sets that address the material covered in the lectures. The first problem set will be due before reading week and the second after reading week, on weeks 3 and 13.

The goal of the problems is to help you internalize some of the theoretical and empirical concepts obtained in class. To earn credit you must email or hand in your assignment on time. There are no extensions.

QUIZZES:

There will be 10 random quizzes given throughout the semester. The quizzes are used to facilitate subsequent discussion as well as provide me with valuable feedback on your collective understanding as a class. I will provide aggregate results of these surveys when possible.

MIDTERM:

There will be a midterm in class on week 6. The midterm will include any material we address by then, including the readings, problem set and quizzes. The midterm will comprise multiple-choice as well as essay questions.

#### PAPER:

You will be asked to apply the skills you obtained in the class in a paper on a particular phenomena related to voters and media, drawing from at least 5 academic sources. The writing assignment is a short essay of approximately 2,000 words applying tools and results from this course to an assigned question. The topic will be assigned in January.

The assignment will be staged with two submissions, with an intervening peer assessment:

1. The first draft is due by Tuesday, March 3, at 11:00am.
2. Students will then be assigned three classmates' papers to read and provide constructive feedback and suggestions (using a form/rubric that I will provide). The deadline for providing the peer assessment is Friday, March 13, at 5:00pm.
3. Students will then have until Tuesday, March 24, at 11:00 am to submit their final draft that incorporates any useful suggestions or insights from the peer review process. Included in this submission will be a short reflection (no more than 500 words) on the peer reviews received, as well as an explanation of any other revisions made between the first and second submissions.

The final grade for paper will be based on:

1. The first draft;
2. The peer assessments provided for other papers;
3. The final draft, including the self-assessment of the explanation of the revisions to the first draft.

We will be using the software PeerScholar for the implementation of this assignment. The entire exercise is conducted online. Further details will be provided later in the course.

#### COURSE OUTLINE:

Date	Week	Topic(s)	Notes
Jan 8	1	Background to voters and information	
Jan 15	2	Political economy of media and IT	
Jan 22	3	Social networks	Problem set 1
Jan 29	4	Social media and blogs	
Feb 5	5	The Internet	
Feb 12	6	Midterm	In class
Feb 19	7	No class	Reading week
Feb 26	8	Newspapers I	
Mar 5	9	Newspapers II	First draft
Mar 12	10	Radio	Peer assessment
Mar 19	11	Television and cable I	
Mar 26	12	Television and cable II	Final draft
Apr 2	13	Topic spillovers/work-in-progress	Problem set 2

#### GENERAL RULES:

There are typically no extensions, make-ups or discussions of logistics. The TA is your initial contact for such affairs. Any appeal to reverse a TA decision must be filed to me in writing using no more than 250 words.

COURSE REFERENCES:

\* Required readings from these sources.

VOTERS AND INFORMATION

- \*Austen-Smith, D., & Banks, J. S. (1996). [Information aggregation, rationality, and the Condorcet jury theorem](#). *American Political Science Review*, 34-45.
- \*Becker, G. S. (1958). [Competition and democracy](#). *Journal of Law and Economics*, 105-109.
- Black, D., Newing, R. A., McLean, I., McMillan, A., & Monroe, B. L. (1958). *The theory of committees and elections* (pp. 174-176). Cambridge: University Press.
- Bikhchandani, S., Hirshleifer, D., & Welch, I. (1998). Learning from the behavior of others: Conformity, fads, and informational cascades. *The Journal of Economic Perspectives*, 151-170.
- Condorcet, M. J. A. N. D. (1785). Caritat, marquis de. *Essai sur l'application de l'analyse a la probabilité de*.
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- \*Feddersen, T. J., & Pesendorfer, W. (1996). [The swing voter's curse](#). *The American economic review*, 408-424.
- Ferraz, C., & Finan, F. (2008). Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes. *The Quarterly journal of economics*, 123(2), 703-745.
- Fujiwara, T. (2010). Voting technology, political responsiveness, and infant health: evidence from Brazil. *Department of Economics, University of British Columbia*. <http://grad.econ.ubc.ca/fujiwaraljmp.pdf>.
- Halberstam, Y., & Montagnes, B. P (2015). Presidential Coattails versus the Median Voter: Senator Selection in US Elections.” *Journal of Public Economics* 121, 40–51.
- \*Knight, B., & Schiff, N. (2010). [Momentum and Social Learning in Presidential Primaries](#). *Journal of Political Economy*, 118(6), 1110-1150.
- \*Osborne, M. J., & Slivinski, A. (1996). [A model of political competition with citizen-candidates](#). *The Quarterly Journal of Economics*, 65-96.
- Palfrey, T. R., & Poole, K. T. (1987). The relationship between information, ideology, and voting behavior. *American Journal of Political Science*, 511-530.
- Putnam, R. D., Leonardi, R., & Nanetti, R. Y. (1994). *Making democracy work: Civic traditions in modern Italy*. Princeton university press.

## POLITICAL ECONOMY OF MEDIA AND INFORMATION TECHNOLOGY

- \*Besley, T., & Prat, A. (2006). [Handcuffs for the grabbing hand? Media capture and government accountability](#). *The American Economic Review*, 720-736.
- \*Eisensee, T., & Strömberg, D. (2007). [News droughts, news floods, and US disaster relief](#). *The Quarterly Journal of Economics*, 693-728.
- Gentzkow, M. A., & Shapiro, J. M. (2004). Media, education and anti-Americanism in the Muslim world. *The Journal of Economic Perspectives*, 18(3), 117-133.
- Gentzkow, M., & Shapiro, J. M. (2006). Media Bias and Reputation. *Journal of Political Economy*, 114(2), 280-316.
- \*Gentzkow, M., & Shapiro, J. M. (2008). [Competition and Truth in the Market for News](#). *The Journal of Economic Perspectives*, 133-154.
- Leeson, P. T. (2008). Media freedom, political knowledge, and participation. *The Journal of Economic Perspectives*, 22(2), 155.
- Prat, A., & Strömberg, D. (2011). *The political economy of mass media*.
- Strömberg, D. (2001). Mass media and public policy. *European Economic Review*, 45(4), 652-663.
- Strömberg, D. (2004). Mass media competition, political competition, and public policy. *The Review of Economic Studies*, 71(1), 265-284.

## SOCIAL NETWORKS

- \*Banerjee, A., Chandrasekhar, A. G., Duflo, E., & Jackson, M. O. (2013). [The diffusion of microfinance](#). *Science*, 341(6144).
- \*Currarini, S., Jackson, M. O., & Pin, P. (2009). [An economic model of friendship: Homophily, minorities, and segregation](#). *Econometrica*, 77(4), 1003-1045.
- Currarini, S., Jackson, M. O., & Pin, P. (2010). Identifying the roles of race-based choice and chance in high school friendship network formation. *Proceedings of the National Academy of Sciences*, 107(11), 4857-4861.
- Golub, B., & Jackson, M. O. (2010). Naive learning in social networks and the wisdom of crowds. *American Economic Journal: Microeconomics*, 112-149.
- Golub, B., & Jackson, M. O. (2012). How homophily affects the speed of learning and best-response dynamics. *The Quarterly Journal of Economics*, 127(3), 1287-1338.
- Oberholzer-Gee, F., & Waldfogel, J. (2005). Strength in Numbers: Group Size and Political Mobilization. *Journal of Law and Economics*, 48(1), 73-91.

## SOCIAL MEDIA

Acemoglu, D., Hassan, T. A., & Tahoun, A. (2014). *The Power of the Street: Evidence from Egypt's Arab Spring* (No. w20665). National Bureau of Economic Research.

\*Enikolopov, R., Petrova, M., & Sonin, K. (2012). *Do Political Blogs Matter? Corruption in State-controlled Companies, Blog Postings, and DDoS Attacks*. Centre for Economic Policy Research.

\*Enikolopov, R., Petrova, M., & Sonin, K. (2013). *Social Media and Corruption*. Available at SSRN 2153378.

Halberstam, Y., & Knight, B. (2014). *Homophily, Group Size, and the Diffusion of Political Information in Social Networks: Evidence from Twitter* (No. w20681). National Bureau of Economic Research.

## INTERNET

\*Campante, F. R., Durante, R., & Sobbrivo, F. (2013). *Politics 2.0: The multifaceted effect of broadband internet on political participation* (No. w19029). National Bureau of Economic Research.

Gentzkow, M. (2007). Valuing New Goods in a Model with Complementarity: Online Newspapers. *The American Economic Review*, 713-744.

\*Gentzkow, M., & Shapiro, J. M. (2011). Ideological Segregation Online and Offline. *The Quarterly Journal of Economics*, 126(4), 1799-1839.

George, L. M. (2008). The Internet and the market for daily newspapers. *The BE Journal of Economic Analysis & Policy*, 8(1).

## NEWSPAPERS

\*Chiang, C. F., & Knight, B. (2011). Media bias and influence: Evidence from newspaper endorsements. *The Review of Economic Studies*, rdq037.

\*Gentzkow, M., & Shapiro, J. M. (2010). What drives media slant? Evidence from US daily newspapers. *Econometrica*, 78(1), 35-71.

Gentzkow, M., Glaeser, E. L., & Goldin, C. (2006). The rise of the fourth estate. How newspapers became informative and why it mattered. In *Corruption and Reform: Lessons from America's Economic History* (pp. 187-230). University of Chicago Press.

Gentzkow, M., Shapiro, J. M., & Sinkinson, M. (2011). The Effect of Newspaper Entry and Exit on Electoral Politics. *The American Economic Review*, 101(7), 2980-3018.

\*George, L. M., & Waldfogel, J. (2006). The "New York Times" and the Market for Local Newspapers. *The American economic review*, 435-447.

George, L., & Waldfogel, J. (2002). Does the New York Times spread ignorance and apathy? *American Economic Review*, forthcoming.

George, L., & Waldfogel, J. (2003). Who affects whom in daily newspaper markets? *Journal of Political Economy*, 111(4), 765-784.

\*Snyder Jr, J. M., & Strömberg, D. (2010). Press Coverage and Political Accountability. *Journal of Political Economy*, 118(2), 355-408.

#### RADIO

DellaVigna, S., Enikolopov, R., Mironova, V., Petrova, M., & Zhuravskaya, E. (2012). Cross-border effects of foreign media: Serbian radio and nationalism in Croatia. *American Economic Journal: Applied Economics*.

\*Strömberg, D. (2004). Radio's impact on public spending. *The Quarterly Journal of Economics*, 119, 189-221.

\*Adena, M., Enikolopov, R., Petrova, M., Santarosa, V., & Zhuravskaya, E. (2014). Radio and the Rise of the Nazis in Prewar Germany.

#### TELEVISION AND CABLE

\*Campante, F. R., & Hojman, D. A. (2013). Media and polarization: Evidence from the introduction of broadcast TV in the United States. *Journal of Public Economics*, 100, 79-92.

\*DellaVigna, S., & Kaplan, E. (2007). The Fox News Effect: Media Bias and Voting. *The Quarterly Journal of Economics*, 122(3), 1187-1234.

Durante, R., & Knight, B. (2012). Partisan control, media bias, and viewer responses: Evidence from Berlusconi's Italy. *Journal of the European Economic Association*, 10(3), 451-481.

\*Gentzkow, M. (2006). Television and voter turnout. *The Quarterly Journal of Economics*, 121, 931-972.

\*Martin, G. J., & Yurukoglu, A. (2014). Bias in Cable News: Real Effects and Polarization.

Oberholzer-Gee, F., & Waldfogel, J. (2009). Media Markets and Localism: Does Local News en Español Boost Hispanic Voter Turnout?. *The American Economic Review*, 99, 2120-2128.

Enikolopov, R., Petrova, M., & Zhuravskaya, E. (2010). Media and political persuasion: Evidence from Russia. *American Economic Review*, forthcoming.