

POLITICAL ECONOMY:
VOTERS, INFORMATION AND MEDIA
ECO334H1S WINTER 2017
THURSDAYS 2 TO 4 AT SS 1083

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 apply a theoretical framework to effectively evaluate scholarly work on voter information and the political economy of media. The level of instruction is equivalent to a typical advanced microeconomics course applied to the study of media markets. Specifically, guided by the economics of supply and demand, the course will provide a new lens through which to understand the news produced by media and reasons you may choose to consume it. As such, you are expected to read the course references before class to improve your learning experience. You will be required to apply strategies you have learned in class to problems sets, a midterm, presentation, and research proposal.

INSTRUCTOR:

Professor Yosh Halberstam, yosh.halberstam@utoronto.ca

Office: Department of Economics, GE 311

Office Hours: Tuesdays 10:00 to 12:00pm (by appointment only)

Tuesdays 3:30 to 4:30pm (drop in)

Appointments must be made at least 24 hours in advance at:

<http://www.calendly.com/yosh/oh>

TEACHING ASSISTANT:

Benjamin Couillard, ben.couillard@mail.utoronto.ca

Tutorial: Fridays 1 to 2 at SS 1083

Office Hours: Fridays 2 to 3 at GE 313

EVALUATION:

Problem sets (2) - 20%

Quizzes (10) - 10%

Midterm (1) - 30%

Presentation (1) - 10%

Research proposal (1) - 30%

LECTURES:

There is no textbook for the course. In the first half of the semester, the lectures will develop a theoretical framework for analyzing subsequent empirical work presented in the second half of the course. Familiarity with basic concepts in probability theory (e.g., Bayes' rule) and econometrics (e.g., OLS and IV) is strongly recommended. There are 2-3 required readings per week and several suggested readings for each lecture. At a minimum, it is expected that you read the abstract and introduction of the required readings before class. The lectures will include class activities and discussions.

TUTORIALS:

The tutorials aim to support what is covered in the lectures and the timeline for course assignments. In the weeks preceding the midterm, the tutorials will focus on problem solving and reviewing the economic theory. Following the midterm, the tutorials will support you in preparing for your presentation and research proposal as well as reviewing key econometric concepts integral to the empirical work we will discuss in the lectures.

PROBLEM SETS:

There will be two problem sets that address the material covered in the lectures. The first problem set will be due before the midterm and the second after the midterm, on weeks 4 and 11.

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 hand in your assignment on time. There are no extensions.

QUIZZES:

There will be 10 ungraded quizzes (no makeups) given throughout the semester, roughly one per lecture. The quizzes are used to facilitate subsequent discussion and encourage class preparation as well as provide me with valuable feedback on your collective understanding. I will provide aggregate survey results when applicable and possible.

MIDTERM:

There will be a midterm in class on week 5 focusing on the theory. 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 short essay and problem solving questions.

PRESENTATION:

In the second half of the course, we will present empirical studies that address the influence of media on voters and political outcomes. Groups of 2-3 students will be asked to contribute by discussing recent empirical work that is related to and builds on the required readings of the week. You will have 8-10 minutes to present a paper that cites one of the required readings, or a paper listed in the course references for that week but is not required (*) or suggested (#), and will be asked to prepare 6-8 slides that accompany your presentation. These slides should be emailed to me in PDF format no later than Wednesday at 2:00pm, the day before your presentation.

In your presentation, clearly explain how the paper you chose (a) relates to that week's reading, (b) makes use of data to contribute to our assessment of the reading, and (c) deepened your understanding of the reading (e.g., what do you understand more about x by reading y). Each group will be evaluated based on the three elements above, in addition to the timing and coherence of the presentation as well as the quality of the slides. A mock presentation by the Professor and TA is scheduled in Week 6.

RESEARCH PROPOSAL:

You will be asked to apply the skills you obtained in the class in a research proposal on a phenomenon related to voters and media, drawing from at least 5 academic sources. The writing assignment is a short research proposal of maximum 1,500 words applying tools and results from this course to an assigned question. The focus is on applied methods, not literature. The topics will be assigned by reading week.

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

1. The first draft is due by Tuesday, March 7, 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 24, at 5:00pm.
3. Students will then have until Thursday, April 6, at 2:00 pm 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 (maximum 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; (25%)
2. The peer assessments provided for other papers; (25%)
3. The final draft, including the self-assessment and explanation of the revisions to the first draft. (50%)

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 5	1	Introduction	
Jan 12	2	Voter information	
Jan 19	3	Social learning	
Jan 26	4	Political economy of media	Problem set 1 due in class
Feb 2	5	Midterm	In class
Feb 9	6	Newspapers I	Mock presentation by Yosh and Ben
Feb 16	7	Newspapers II	Bring proposal outline to tutorial
Feb 22	8	No class	Reading week
Mar 2	9	Radio	
Mar 9	10	Television and cable I	First draft due March 7, 11:00am
Mar 16	11	Television and cable II	Problem set 2 due in class
Mar 23	12	The Internet	Peer assessment due March 24, 5:00pm
Mar 30	13	Social media and blogs	Troubleshoot assessments in tutorial
Apr 6	14	No class	Proposal due April 6, 2:00pm

GENERAL RULES:

There are typically no extensions, make-ups or discussions of logistics. Penalty for lateness may range up to 1 point of your final grade per day. 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 reading; # Suggested reading.

INTRODUCTION (WEEK 1)

*Besley, T., & Prat, A. (2006). [Handcuffs for the grabbing hand? Media capture and government accountability](#). *American Economic Review*, 720-736.

Gentzkow, M. A., & Shapiro, J. M. (2004). Media, education and anti-Americanism in the Muslim world. *Journal of Economic Perspectives*, 18(3), 117-133.

*Leeson, P. T. (2008). Media freedom, political knowledge, and participation. *Journal of Economic Perspectives*, 22(2), 155.

Cage, Julia, Marie-Luce Viaud, and Nicolas Herve. *The Production of Information in an Online World*. Available at SSRN (2015).

VOTER INFORMATION (WEEK 2)

#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.

Condorcet, M. J. A. N. D. (1785). Caritat, marquis de. *Essai sur l'application de l'analyse a la probabilité de*.

#Downs, A. (1957). An economic theory of political action in a democracy. *Journal of Political Economy*, 135-150.

#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/fujiwara/jmp.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.

*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.

SOCIAL LEARNING (WEEK 3)

*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.

*Knight, B., & Schiff, N. (2010). [Momentum and Social Learning in Presidential Primaries](#). *Journal of Political Economy*, 118(6), 1110-1150.

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.

POLITICAL ECONOMY OF MEDIA (WEEK 4)

*Gentzkow, M., & Shapiro, J. M. (2008). [Competition and Truth in the Market for News](#). *The Journal of Economic Perspectives*, 133-154.

*Eisensee, T., & Strömberg, D. (2007). [News droughts, news floods, and US disaster relief](#). *The Quarterly Journal of Economics*, 693-728.

Durante, Ruben, and Ekaterina Žuravskaja. *Attack when the World is Not Watching? International Media and the Israeli-Palestinian Conflict*. Centre for Economic Policy Research, 2015.

Gentzkow, M., & Shapiro, J. M. (2006). Media Bias and Reputation. *Journal of Political Economy*, 114(2), 280-316.

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.

NEWSPAPERS I (WEEK 6)

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.

NEWSPAPERS II (WEEK 7)

*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.

Larcinese, Valentino, Riccardo Puglisi, and James M. Snyder. "Partisan bias in economic news: Evidence on the agenda-setting behavior of US newspapers." *Journal of Public Economics* 95.9 (2011): 1178-1189.

Di Tella, Rafael, and Ignacio Franceschelli. "Government advertising and media coverage of corruption scandals." *American Economic Journal: Applied Economics* 3.4 (2011): 119-151.

RADIO (WEEK 8)

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*, 189-221.

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

Yanagizawa-Drott, David. "Propaganda and conflict: Evidence from the Rwandan genocide." *The Quarterly Journal of Economics* 129.4 (2014): 1947-1994.

TELEVISION AND CABLE I (WEEK 9)

*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.

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

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

Olken, Benjamin A. "Do television and radio destroy social capital? Evidence from Indonesian villages." *American Economic Journal: Applied Economics* 1.4 (2009): 1-33.

TELEVISION AND CABLE II (WEEK 10)

*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.

Knight, Brian, and Ana Tribin. *The Limits of Propaganda: Evidence from Chavez's Venezuela*. No. w22055. National Bureau of Economic Research, 2016.

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

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

THE INTERNET (WEEK 11)

Campante, F. R., Durante, R., & Sobbrío, 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. *American Economic Review*, 713-744.
- *Gentzkow, M., & Shapiro, J. M. (2011). [Ideological Segregation Online and Offline](#). *Quarterly Journal of Economics*, 126(4), 1799-1839.
- George, L. M. (2008). The Internet and the market for daily newspapers. *BE Journal of Economic Analysis & Policy*, 8(1).
- Falck, O., Gold, R., & Heblich, S. (2014) E-lections: Voting Behavior and the Internet. *American Economic Review*, 2238-2265.
- *Gavazza, Alessandro, Mattia Nardotto, and Tommaso M. Valletti. *Internet and politics: Evidence from UK local elections and local government policies*. SSRN 2700587 (2015).
- Miner, Luke. "The unintended consequences of Internet diffusion: Evidence from Malaysia." *Journal of Public Economics* 132 (2015): 66-78.

SOCIAL MEDIA AND BLOGS (WEEK 12)

- 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, Ruben, Alexey Makarin, and Maria Petrova. *Social Media and Protest Participation: Evidence from Russia*. SSRN 2696236 (2015).
- 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.