

POLITICAL ECONOMY:  
VOTERS, INFORMATION AND MEDIA  
ECO334H1S WINTER 2019  
THURSDAYS 1 TO 4 AT BL205

In this course, we will develop tools to analyze voters and the role of information in democracies. As such, we will model the interaction between media and voters, and evaluate theories of voter learning and bias 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.

The course assumes knowledge of Bayes' Rule as well as algebra of normal and uniform distributions. You are expected to read the course references before class to improve your learning experience as well as everyone else's. 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](mailto:yosh.halberstam@utoronto.ca)

Office: Department of Economics, GE 311

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

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

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

TEACHING ASSISTANT:

Dario Toman, [dario.toman@mail.utoronto.ca](mailto:dario.toman@mail.utoronto.ca)

Tutorial: Thursdays 3:00 to 4:00pm at BL205 when announced

Office Hours: Mondays 1:00 to 2:00pm at GE 213

EVALUATION:

Problem sets (2) - 20%

Midterm (1) - 30%

Quizzes (5) - 10%

Presentation (1) - 10%

Research proposal (1) - 30%

LECTURES:

The lectures will include class activities and discussions. 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. Guidance to specific sections in the readings in the form of questions or mathematical support will be posted on Blackboard.

The lectures build on the readings. The focus is on the empirical strategies used by the authors to overcome inherent endogeneity in media markets. Similar issues arise in many markets, making the new investments in identification apply broadly in economics.

To reinforce the emphasis on exposure to empirical research, in addition to class discussion, lecture time includes quizzes, class surveys, and class experiments. The class data collection and their subsequent analysis sets the tone for the second half of the semester.

#### 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 10.

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 work on time. There are no extensions. If you cannot make it to class, you may email your problem set to the TA no later than 1:00pm on the day it is due.

#### QUIZZES:

There will be 5 in-class graded quizzes (no makeups) given following the midterm. The quizzes will refer to that week's readings and 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 we address in class. The midterm will comprise a mix of analytical problems, as well as multiple-choice and short essay questions.

#### PRESENTATION:

In the second half of the course, we will cover empirical studies that assess the influence of media on voters and political outcomes. Groups of 2-4 students will be asked to contribute by discussing recent empirical work that is related to and builds on the required readings of the week. Each team will have 5-10 minutes to present a paper listed in the course references for that week but is not required (\*) or a paper that cites one of the required readings. A signup sheet will be accessible after the midterm.

Each group is asked to prepare 4-8 slides that accompany the presentation. The presentation should explain how the paper you chose (a) relates to that week's readings, (b) makes use of data to contribute to our assessment of the readings, and (c) deepens our understanding of the readings (e.g., what do you understand more about  $x$  by reading  $y$ ). The evaluation is based on the three elements above, in addition to the timing and coherence of the presentation as well as the quality of the slides.

These slides should be emailed to me in PDF format no later than Wednesday at 1:00pm, the day before the presentation.

To set expectations, the TA and I will be the first to present a paper together in Week 6, two weeks before the first student presentation.

#### 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 3 academic sources. The writing assignment is a short (1,500-1,750 words) research proposal applying tools and results from the course to a question related to a key assigned topic we will cover in class. 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 Monday, March 11, 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 29, at 5:00pm.
3. Students will then have until Wednesday, April 11, 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 (250-500 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.

#### COMMUNICATION AND RULES:

We will use Blackboard as our main repository for course materials and announcements. There are typically no extensions or make-ups. Penalty for lateness may range up to 10 percent of your assignment grade per day. The TA is your initial contact for any course logistics. Any appeal to reverse a TA decision must be filed to me in writing using no more than 250 words together with supporting documents where applicable.

#### PLAGIARISM:

Academic integrity is of utmost importance. Please be diligent to attribute any work that is not originally yours. Attribution is key to protecting the value of your degree and your hard work. Many current events where integrity-related issues have had serious consequences. Please consult the OSAI website on the student code of conduct: <http://www.artsci.utoronto.ca/osai/students>

COURSE OUTLINE:

Date	Week	Topic(s)	Notes
Jan 10	1	Introduction	
Jan 17	2	Voter information	
Jan 24	3	Social learning	
Jan 31	4	Political economy of media	Problem set 1 due in class
Feb 7	5	Midterm	In class
Feb 14	6	Newspapers I	Presentation by Yosh and Dario
Feb 21		No class	Reading week
Feb 28	7	Newspapers II	
Mar 7	8	Radio	Bring proposal outline to tutorial
Mar 14	9	Television and cable I	First draft due March 11, 11:00am
Mar 21	10	Television and cable II	Problem set 2 due in class
Mar 28	11	The Internet	Peer assessment due March 29, 5:00pm
Apr 4	12	Social media and blogs	Troubleshoot assessments in tutorial

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. *Quarterly Journal of Economics*, 123(2), 703-745.

Fujiwara, T. (2015). Voting technology, political responsiveness, and infant health: Evidence from Brazil. *Econometrica*, 83(2), 423-464.

Cavalcanti, F., Daniele, G., & Galletta S. (2018). Popularity shocks and political selection. *Journal of Public Economics*, 165, 201-216.

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.
- Qin, B., Strömberg, D., & Wu, Y. Media Bias in China. (2018). *American Economic Review*, forthcoming.

#### 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.

Beattie, Graham. (2017). *Advertising, Media Capture, and Public Opinion: The Case of Climate Change*. University of Pittsburgh Working Paper.

King, Gary, Benjamin Schneer, and Ariel White. "How the news media activate public expression and influence national agendas." *Science* 358, no. 6364 (2017): 776-780.

#### 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*.

Ou, Susan, and Heyu Xiong. *Mass Persuasion and the Ideological Origins of the Chinese Cultural Revolution*. Northwestern Working Paper. 2019.

\*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.

Jetter, M., & Walker, J. K. (2018). The Effect of Media Coverage on Mass Shootings (No. 11900). Institute for the Study of Labor (IZA).

#### 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.

Spenkuch, Jörg L., & Toniatti, D. (2018). Political Advertising and Election Results. *The Quarterly Journal of Economics*, qjy010, <https://doi.org/10.1093/qje/qjy010>.

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-lelections: 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, BLOGS, AND BIG DATA (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.
- Allcott, Hunt, and Matthew Gentzkow. *Social Media and Fake News in the 2016 Election*. No. w23089. National Bureau of Economic Research, 2017.
- \*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.
- 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.
- Vosoughi, Soroush, Deb Roy, and Sinan Aral. (2016) "The spread of true and false news online." *Science*, 9 March 2018: 1146-1151.
- Qin, B., Strömberg, D., & Wu, Y. (2017). Why does China allow freer social media? Protests versus surveillance and propaganda. *Journal of Economic Perspectives*, 31(1), 117-40.