BPE Senior Seminar Fall 2022 Pablo Querubín Department of Politics, NYU 19w 4th Street, Room 428 Email: <u>pablo.querubin@nyu.edu</u> Tel: 212 992 6525

Course Description:

This course introduces students to the challenges and methods involved in conducting empirical research in political economy. We start by introducing the fundamental problem of causal inference. We then discuss a wide range of empirical methods commonly used in empirical papers such as ordinary least squares regression, randomized experiments, natural experiments, difference-in-differences, event studies and regression discontinuity designs. These methods are illustrated with empirical papers in political economy covering a wide range of topics and world regions. Moreover, we will conduct a series of applied, practical exercises to get students familiar with managing datasets and conducting analysis using real datasets. By the end of the course, students should be able to formulate a research question, identify the empirical challenges involved in addressing it, and propose different empirical methods to answer the question given the data available. These tools should prepare students to write an excellent BPE senior paper.

Time and Location: Monday and Wednesday 9:30 a.m.-10:45 a.m. Location: TISC-LC21.

Office hours: Monday 11:00am-1:00pm. Please sign up in advance using the following link <u>https://calendly.com/pablo-querubin/office-hours</u>

TA: Carlos Felipe Balcazar (cfb310@nyu.edu). Information about office hours here.

Requirements: All students are expected to have completed the relevant readings before the class meeting each week. The course is not taught from a single textbook. Instead, weekly readings will be drawn from two required textbooks, and from a collection of articles (<u>whenever possible</u>, these readings will be posted on the NYU Classes course site). You should aim to evaluate critically the empirical evidence advanced in each reading. Some of the readings contain sections that are a bit technical.

Grading:

The final grade is based on: a research proposal, a midterm, a final research proposal, applied group activities and the BPE senior paper. They will count toward the grade as follows:

Initial research proposal (**October 3rd**): 10% Midterm (**October 26th**): 20% Final research proposal (**early graduating students submit it on October 28th; all other students submit it on December 14th**): 20% Applied Group Activities: 10% BPE senior paper: 40%

Policies:

-Students are expected to have completed the required reading before the class.

-Class attendance is strongly encouraged: we will offer cover topics not included in the required readings that you will be expected to know for the exams. In addition, I may conduct unannounced short quizzes in some lectures.

-Make sure you read and adhere strictly to the basic principles of Academic Integrity (<u>http://cas.nyu.edu/page/academicintegrity</u>) as well as the Honor Code (<u>http://cas.nyu.edu/page/honorcode</u>).

Applied Group Activities:

For every topic, we will assign group activities that are meant to help you put into practice many of the concepts and methods we discuss in class. In earlier weeks this will consist of thinking carefully through the empirical challenges behind a research question. In other weeks it will consist of replicating the empirical analysis from some relevant political economy papers.

These activities will be conducted in groups of three (3) students. Ideally, groups should remain the same throughout the semester. In addition to submitting in writing the output of the activity, for every topic we will select at random one or two groups to present their findings in front of the class.

About the capstone project:

You should be thinking about your project from the beginning of this class, especially if you are graduating early! Recall that your question has to be broadly related to political economy. This means that either the main dependent variable (the outcome of interest) or the main explanatory variable (the treatment) has to be relevant to political phenomena. You need to think as well about the variables that affect your outcome and treatment and that you could measure (observable confounders) and those that you cannot (unobservable confounders). All these terms and what they mean will become clearer in the first weeks.

When you work on your idea, keep in mind the following questions: What is the question you're trying to answer? Why is the question important? Why should we care about it? What is your contribution to our understanding of this question? What data sources will you use to collect data on your treatment, outcome and observable confounders? Do you have access to these data sources? If not, how do you plan to get access to them? What regression tool(s) will you use to answer your research question (this will become more evident as the course progresses)? Do not wait until the last minute! Feedback from the Professor and the TA are very important at every stage of the process.

Lecture Schedule and Readings

Assigned readings are marked with a (**) and will be announced at least two weeks prior to the corresponding lecture. Make sure you check this online version of the syllabus regularly for the most updated version. For any doubts or questions please email the TA Carlos F. Balcazar at cfb310@nyu.edu

Readings are uploaded to this <u>dropbox link</u> in advance.

Introduction to empirical research in the social sciences

- I. Introduction to the class, ground rules and advice (September 7)
- II. Introduction to causal inference (September 12, 14, 19, 21 and 26)

Almond, D., Chay, K. Y., & Lee, D. S. (2005). The costs of low birth weight. *The Quarterly Journal of Economics, 120*, 1031–1083.(**)

Angrist, J. D., & Pischke, J.-S. (2008). Mostly harmless econometrics: An empiricist's companion. Princeton university press. Chapter 1. (**); Chapter 2, pp. 11-22 (**)

Angrist, J. D., & Pischke, J.-S. (2014). Mastering metrics: The path from cause to effect. Princeton University Press. Introduction and Chapter 1. (**)

Watch video to prepare for class: <u>https://mru.org/courses/mastering-</u> <u>econometrics/ceteris-paribus</u>

Additional readings:

Huntington-Klein, N. (2019). The Effect: An introduction to research design and causality. Chapters 3 and 4.

III. Regression and Control Variables (September 28, October 3, 5)

Agüero, J. M., Balcázar, C. F., Maldonado, S., & Ñopo, H. (2021). The value of redistribution: Natural resources and the formation of human capital under weak institutions. *Journal of Development Econom*ics, 148, 102581. (**)

Angrist, J. D., & Pischke, J.-S. (2008). Mostly harmless econometrics: An empiricist's companion. Princeton university press. Chapter 2, pp. 22-24 (**)

Angrist, J. D., & Pischke, J.-S. (2014). Mastering metrics: The path from cause to effect. Princeton University Press. Chapter 2. (**)

Nunn, N., & Puga, D. (2012). Ruggedness: The blessing of bad geography in Africa. *Review of Economics and Statistics*, *94*, 20–36. (**)

Watch video to prepare for class: <u>https://mru.org/courses/mastering-</u> <u>econometrics/selection-bias</u>

Additional readings:

Alsan, M. (2015). The effect of the tsetse fly on African development. *American Economic Review*, *105*, 382–410.

Balcázar, C. F., & Kennard, A. (2021). Society and the State Political Stability in a Changing Climate. NYU Department of Politics mimeo.

Meng, X., Qian, N., & Yared, P. (2015). The institutional causes of China's great famine, 1959–1961. *The Review of Economic Studies, 82*, 1568–1611.

Yanagizawa-Drott, D. (2014). Propaganda and conflict: Evidence from the Rwandan genocide. *The Quarterly Journal of Economics*, *129*, 1947–1994.

Research designs in the social sciences

IV. Randomized control trials: the gold standard (October 12, 17, 19)

Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *American economic review*, 94, 991–1013. (**)

Butler, D. M., & Kousser, T. (2015). How do public goods providers play public goods games?. *Legislative Studies Quarterly*, 40(2), 211-240.(**)

Gerber, A. S., Green, D. P., & Larimer, C. W. (2008). Social pressure and voter turnout: Evidence from a large-scale field experiment. *American political Science review*, 33–48. (**)

Kuziemko, I., Norton, M. I., Saez, E., & Stantcheva, S. (2015). How elastic are preferences for redistribution? Evidence from randomized survey experiments. *American Economic Review, 105*, 1478–1508. (**)

Watch video to prepare for class: <u>https://mru.org/courses/mastering-</u> <u>econometrics/introduction-randomized-trials</u>

Additional readings:

Balboni, C., Bandiera O., Burgess, R., Ghatak, M. and Heil, A. "Why do People Stay Poor?", available in "http://sticerd.lse.ac.uk/dps/eopp/eopp67.pdf

Beath, A., Christia, F., & Enikolopov, R. (2017). Can Development Programs Counter Insurgencies?: Evidence from a Field Experiment in Afghanistan.

Bhandari, A. (2019). The Political Determinants of Economic Exchange: Evidence from a Business Experiment in Senegal. *Journal Article*.

Habyarimana, J., Humphreys, M., Posner, D. N., & Weinstein, J. M. (2007). Why does ethnic diversity undermine public goods provision? *American Political Science Review*, 709–725.

Hainmueller, J., & Hiscox, M. J. (2010). Attitudes toward highly skilled and lowskilled immigration: Evidence from a survey experiment. *American political science review*, 61–84.

Hjort, J. (2014). Ethnic divisions and production in firms. *The Quarterly Journal of Economics, 129*, 1899–1946.

Mousa, S. (2020). Building social cohesion between Christians and Muslims through soccer in post-ISIS Iraq. *Science*, *369*, 866–870.

Royer, H., Stehr, M., & Sydnor, J. (2015). Incentives, commitments, and habit formation in exercise: evidence from a field experiment with workers at a fortune-500 company. *American Economic Journal: Applied Economics, 7*, 51–84.

V. Natural Experiments (October 24, 31, November 2)

Dal Bó, E., & Rossi, M. A. (2011). Term length and the effort of politicians. *The Review of Economic Studies*, *78*(4), 1237-1263. (**)

Madestam, A., & Yanagizawa-Drott, D. (2011). Shaping the Nation: The Effect of Fourth of July on Political Preferences and Behavior in the United States. Retrieved from http://www.hks.harvard.edu/fs/dyanagi/Research/FourthOfJuly.pdf(**)

Miguel, E., Satyanath, S., & Sergenti, E. (2004). Economic shocks and civil conflict: An instrumental variables approach. *Journal of political Economy*, *112*(4), 725-753. (**)

Additional readings:

Chattopadhyay, R., & Duflo, E. (2001). *Women as Policy Makers: Evidence from a India-Wide Randomized Policy Experiment.* Tech. rep., National Bureau of Economic Research.

Fisman, R., & Miguel, E. (2007, 12). Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy*, *115*, 1020– 1048. Retrieved from http://www.jstor.org/stable/10.1086/527495

Madestam, A., Shoag, D., Veuger, S., & Yanagizawa-Drott, D. (2013). Do Political Protests Matter? Evidence from the Tea Party Movement. *The Quarterly Journal of Economics*. doi:10.1093/qje/qjt021

VI. Panel data: Fixed effects and difference in differences (November 7, 9, 14, 16)

Acemoglu, Daron, Simon Johnson, James A. Robinson, and Pierre Yared (2009). "Reevaluating the Modernization Hypothesis", Journal of Monetary Economics, 56, pp. 1043–1058.(**)

Angrist, J. D., & Pischke, J.-S. (2014). Mastering'metrics: The path from cause to effect. Princeton University Press. Chapter 5.(**)

Blanes i Vidal, J., Draca, M., & Fons-Rosen, C. (2012). Revolving Door Lobbyists. *American Economic Review*, *102*, 3731-48. doi:10.1257/aer.102.7.3731(**)

Card, D., & Krueger, A. B. (1993). *Minimum wages and employment: A case study of the fast food industry in New Jersey and Pennsylvania.* Tech. rep., National Bureau of Economic Research.(**)

Duflo, E. (2001). Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment. *American economic review*, *91*, 795–813.(**)

Watch video to prepare for class: <u>https://mru.org/courses/mastering-</u> <u>econometrics/introduction-differences-differences</u>

Additional readings:

Bertrand, M., Bombardini, M., & Trebbi, F. (2014). Is It Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process. *American Economic Review, 104*, 3885-3920. doi:10.1257/aer.104.12.3885

Kudamatsu, M. (2006). Has Democratization Reduced Infant Mortality in Sub-Saharan Africa? Evidence from Micro Data. *Journal of the European Economic Association*.

VII. Event study designs (November 21, 28 and 30)

Di Tella, R., & Schargrodsky, E. (2004). Do police reduce crime? Estimates using the allocation of police forces after a terrorist attack. *American Economic Review*, 94(1), 115-133. (**)

Fisman, R. (2001). Estimating the value of political connections. *American Economic Review*, 91(4), 1095-1102. (**)

Guidolin, M., & La Ferrara, E. (2007). Diamonds are forever, wars are not: Is conflict bad for private firms?. *American Economic Review*, 97(5), 1978-1993. (**)

Jayachandran, S. (2006). The Jefford's effect. The Journal of Law and Economics, 49(2), 397-425. (**)

Additional readings:

Ahmed, A. T., Johnson, M., & Vásquez-Cortés, M. (2020). Land Titling, Race, and Political Violence: Theory and Evidence from Colombia. Working Paper.

Blose, L. E., Bornkamp, R., Brier, M., Brown, K., & Frederick, J. (1996). Catastrophic events, contagion, and stock market efficiency: The case of the space shuttle challenger. Review of Financial Economics, 5(2), 117–129. (**)

Gordon, S. C., & Yntiso, S. (n.d.). Incentive Effects of Recall Elections : Evidence from Criminal Sentencing in California Courts.

Hausman, C., & Rapson, D. S. (2018). Regression Discontinuity in Time: Considerations for Empirical Applications. Annual Review of Resource Economics, 10, 533–552. <u>https://doi.org/10.1146/annurev-resource-121517-033306</u>

Kennard, A., & Stanescu, D. (2019). Do International Bureaucrats Matter? Evidence from the International Monetary Fund. Working Paper, 1–30.

Libgober, B. (2020). Meetings, comments, and the distributive politics of rulemaking. Quarterly Journal of Political Science, 15(4), 449–481.

Maloney, M. T., & Mulherin, J. H. (2003). The complexity of price discovery in an efficient market: The stock market reaction to the Challenger crash. Journal of Corporate Finance, 9(4), 453–479.

VIII. Regression discontinuity (December 5, 7, 12 and 14)

Angrist, J. D., & Pischke, J.-S. (2014). Mastering'metrics: The path from cause to effect. Princeton University Press. Chapter 4. (**)

Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78, 1863–1903.(**)

Dell, M., & Querubin, P. (2018). Nation building through foreign intervention: Evidence from discontinuities in military strategies. *The Quarterly Journal of Economics*, 133(2), 701-764.(**)

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

Querubin, P., & Snyder Jr, J. M. (2011). *The control of politicians in normal times and times of crisis: Wealth accumulation by US congressmen, 1850-1880.* Tech. rep., National Bureau of Economic Research.(**)

Additional readings:

Asher, S., & Novosad, P. (2017, 1). Politics and Local Economic Growth: Evidence from India. *American Economic Journal: Applied Economics, 9*, 229-73. Retrieved from http://www.aeaweb.org/articles?id=10.1257/app.20150512

Brollo, F., & Troiano, U. (2012). What Happens When a Woman Wins a Close Election? Evidence from Brazil. *SSRN Electronic Journal*. Retrieved from http://www.ssrn.com/abstract=1999067

Eggers, A. C., & Hainmueller, J. (2009, 10). MPs for sale? Returns to office in postwar British politics. *American Political Science Review, 103*, 513.

Lee, D. S. (2008). Randomized experiments from non-random selection in US House elections. *Journal of Econometrics*, *142*, 675–697.

Mummolo, J. (2018). Modern police tactics, police-citizen interactions, and the prospects for reform. *The Journal of Politics, 80*, 1–15.

Additional Bibliography and Other Helpful Resources

A.1. How to write a research paper?

Bellemare, M. (2020). How to write a paper in applied economics. *Unpublished manuscript, MIT*.

Cochrane, J. H. (2005). Writing Tips for Ph. D. Students. *Unpublished manuscript, Chicago Booth*.

Creedy, J. (2001). Starting research. *The Australian Economic Review, 34*, 116–124. Day, R. A., & Gastel, B. (n.d.). How to write and publish a scientific paper.

Cambridge University Press.

Huntington-Klein, N. (2019). The Effect: An introduction to research design and causality. Chapters 1 and 2.

Schwabish, J. A. (2014). An economist's guide to visualizing data. *Journal of Economic Perspectives*, 28, 209–34.

Shapiro, J. Four Steps to an Applied Micro Paper. unpublished.

A.2. Additional material about empirical research:

This class will focus on the conceptual issues behind conducting empirical analysis in social sciences. However, it is essential for you to learn how to use statistical software such as R or Stata as we will not focus on this during the course. We provide some resources below, though you should also seek support from the Bobst library staff.

- Joshua Angrist's videos for mastering metrics (free resource): https://mru.org/mastering-econometrics
- NYU's guide to many software (we recommend R and Stata for ease, but pick one): <u>https://guides.nyu.edu/c.php?g=277138&p=1847146</u>
- Nick Klein's class notes with notes for R studio (free resource): <u>https://www.nickchk.com/econ305.html</u>

- UCLA IDRE for statistical analysis in Stata (free resource): https://stats.idre.ucla.edu/stata/
- UCLA IDRE for statistical analysis in R (free resource): https://stats.idre.ucla.edu/R/
- Installing R and R studio (open source statistical package): https://rstudio-education.github.io/hopr/starting.html