Reading Group in
Empirical Political Economics
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Tommaso Nannicini

Bocconi University

Aim & Topics:

The aim of the reading group (RG) is to explore some specific topics in empirical economics, with a particular references to recent contributions in the fields of political economics and development economics. The RG is intended for second, third, and fourth year PhD students who have completed their course requirements and are about to start or have recently started their thesis work. The RG is a complement to and not a substitute for graduate courses in political economics and development economics. The group will meet for 12 sessions of 1 1/2 hour each during lunch hours for a total of 6 weeks.

The recent "credibility revolution" in empirical economics and the associated quest for the identification of causal effects (see Angrist and Pischke, 2010) has favored a shift from cross-country to within-country studies also in political economics and development economics. As a result, the gain in internal validity has come at the price of reducing external validity. The RG will review some of the main contributions and discuss the following questions. How consistent between each other are the findings accruing from different institutional environments and (often local) identification strategies? What insights from the theoretical literature have been unveiled so far? How credible are the identifying assumptions used by different approaches?

In a very broad sense, empirical studies in political economics and development economics can be classified according to their identification strategy as follows.

1. *Can we trust the CIA?*

Review of studies based on some kind of conditional independence assumption.

2. *Time goes by (sometimes not)*

Review of studies based on some kind of time-invariance assumption.

3. *Political discontinuities*

Review of studies based on regression discontinuity designs.

4. *History as a lab*

Review of studies drawing lessons from variation in historical data.

5. *Natural and field experiments*

Review of studies based on random variation originated either by policies (e.g., random auditing of corruption; random interruption of term length) and natural shocks (e.g., rain; natural disasters), or by researcher's intervention in randomized controlled trials.

For each of these strands of literature, we will (i) briefly summarize the main results in different countries; (ii) discuss the assumptions of the identification strategy; (iii) discuss what types of theoretical predictions are tested (and what types are left unanswered).

Organization of the RG:

At each reading session, the students are required to either (i) present their own working paper(s) and/or paper(s) listed in the syllabus that will be provided before the start of the RG; or (ii) read the paper to be presented and come up with three questions which are handed in the day before the presentation. The presentation should be structured as follows: (1) motivation and general background; (2) method and data; (3) main results in the paper; (4) critical discussion. Each presentation is followed by a general discussion based on the questions handed in by the audience. The presentation should last roughly an hour followed by half an hour discussion. As the final syllabus is intended to cover topics of interest to the RG's participants, it will be decided based on suggestions from the students prior to the first meeting. A list of recommended readings will be circulated in advance to the students that have signed up for the RG.