

Academic Year: ( 2023 / 2024 )

Review date: 29-11-2023

Department assigned to the subject: Economics Department

Coordinating teacher: NAME CORREA, ALVARO JOSE

Type: Electives ECTS Credits : 4.0

Year : 2 Semester : 2

## REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Successful completion of the PhD program¿s first year microeconomics sequence.

## OBJECTIVES

First module.

This module focuses on the optimal design of collective decision bodies when members are subject to either external influence or internal norms of behavior.

We examine situations where special interest groups may use different instruments of persuasion, such as monetary resources, social pressure, coercion, and provision of information.

Second module.

This module aims to prepare PhD students to conduct independent, original research in the field of climate change economics. Climate change is a multifaceted topic that requires comprehensive knowledge across different areas of economics. We start with an introduction to the subject, reviewing important standard models from environmental and resource economics, and discussing emission abatement as a contribution to a public good. In Part 2, we analyze various institutions aimed at mitigating global warming, such as emission cap and trade schemes, emission taxes, and international climate treaties. Part 3 changes perspective to focus on environmental activism. Finally, we delve into the informational problems associated with climate change, particularly the spread of fake news on social media platforms, which can obstruct social learning and thus pose a significant barrier to adequate action against global warming

## DESCRIPTION OF CONTENTS: PROGRAMME

First module.

A paper marked with [\*] from the following list is going to be (partially) covered in class.

### 1. Committee Capture

[\*]Neeman, Zvika. "The freedom to contract and the free-rider problem." *Journal of Law, Economics, and Organization* 15.3 (1999): 685-703.

[\*]Genicot, Garance, and Debraj Ray. "Contracts and externalities: How things fall apart." *Journal of Economic Theory* 131.1 (2006): 71-100.

[\*]Dal Bo, Ernesto. "Bribing voters." *American Journal of Political Science* 51(4) (2007): 789-803.

[\*]Louis-Sidois, Charles, and Leon Musolf. "Buying voters with uncertain instrumental preferences." *Theoretical Economics* forthcoming.

Winter, Eyal. "Incentives and discrimination." *American Economic Review* 94.3 (2004): 764-773.

Dekel, Eddie, Matthew O. Jackson, and Asher Wolinsky. "Vote buying: General elections." *Journal of Political Economy* 116.2 (2008): 351-380.

Name-Correa, Alvaro and Huseyin Yildirim. "A capture theory of committees." *Public Choice* 177.1 (2018): 135-154  
Grosseclose, Tim, and James M. Snyder. "Buying supermajorities." *American Political Science Review* 90(2) (1996): 303-315.

Morgan, John, and Felix Várdy. "On the buyability of voting bodies." *Journal of Theoretical Politics* 23, no. 2 (2011): 260-287.

Chen, Ying, and Jan Zápál. "Sequential vote buying." *Journal of Economic Theory* 205 (2022): 105529.

## 2. Persuasion through Provision of Information

- [\*]Caillaud, Bernard, and Jean Tirole. "Consensus Building: How to Persuade a Group." *The American Economic Review* 97.5 (2007): 1877-1900.
- [\*]Alonso, Ricardo and Odilon Câmara. 2016. "Persuading Voters." *The American Economic Review*, 106(11): 3590-3605.
- [\*]Chan, J., Gupta, S., Li, F. and Wang, Y., 2019. Pivotal persuasion. *Journal of Economic theory*, 180, pp.178-202.
- [\*]Malenko, Andrey, and Nadya Malenko. "Proxy advisory firms: The economics of selling information to voters." *The Journal of Finance* 74, no. 5 (2019): 2441-2490.
- Bardhi, Arjada, and Yingni Guo. "Modes of persuasion toward unanimous consent." *Theoretical Economics* 13, no. 3 (2018): 1111-1149.
- Schnakenberg, Keith E. "Informational lobbying and legislative voting." *American Journal of Political Science* 61, no. 1 (2017): 129-145.
- Bennedsen, Morten, and Sven E. Feldmann. "Lobbying legislatures." *Journal of Political Economy* 110.4 (2002): 919-946.
- Bennedsen, Morten, and Sven E. Feldmann. "Informational lobbying and political contributions." *Journal of Public Economics* 90.4 (2006): 631-656.
- Dellis, Arnaud. "Legislative informational lobbying." *Journal of Economic Theory* 208 (2023): 105595.

## 3. Committees with Mixed Motives

- [\*]Name-Correa, Alvaro J., and Huseyin Yildirim. "Social pressure, transparency, and voting in committees." *Journal of Economic Theory* 184 (2019): 104943.
- Midjord, Rune, Tomás Rodríguez Barraquer, and Justin Valasek. "Voting in large committees with disesteem payoffs: A `state of the art model." *Games and Economic Behavior* 104 (2017): 430-443.
- Morgan, John, and Felix Várdy. "Mixed motives and the optimal size of voting bodies." *Journal of Political Economy* 120.5 (2012): 986-1026.
- Midjord, Rune, Tomás Rodríguez Barraquer, and Justin Valasek. "When voters like to be right: An analysis of the Condorcet Jury Theorem with mixed motives." *Journal of Economic Theory* 198 (2021): 105354.
- Malenko, N., 2014. Communication and decision-making in corporate boards. *The Review of Financial Studies*, 27(5), pp.1486-1532.
- Callander, Steven. "Majority rule when voters like to win." *Games and Economic behavior* 64.2 (2008): 393-420.
- Henry, Emeric, and Charles Louis-Sidois. 2020. "Voting and Contributing When the Group Is Watching." *American Economic Journal: Microeconomics*, 12 (3): 246-76.

## 4. Reputation, Biased Experts

- Visser, Bauke, and Otto H. Swank. "On committees of experts." *The Quarterly Journal of Economics* 122.1 (2007): 337-372.
- Swank, Otto H., and Bauke Visser. "Committees as active audiences: Reputation concerns and information acquisition." *Journal of Public Economics* 221 (2023): 104875.
- Levy, Gilat. "Decision making in committees: Transparency, reputation, and voting rules." *American economic review* 97.1 (2007): 150-168.
- Ottaviani, Marco, and Peter Sørensen. "Information aggregation in debate: who should speak first?." *Journal of Public Economics* 81, no. 3 (2001): 393-421.
- Correa, Alvaro J. Name, and Huseyin Yildirim. "Biased experts, majority rule, and the optimal composition of committee." *Games and Economic Behavior* 127 (2021): 1-27.
- Hahn, Volker. "Committee design with endogenous participation." *Games and Economic Behavior* 102 (2017): 388-408.

## Syllabus Second Module

### Introduction

- Bowen, Renee, George Georgiadis, and Nicolas Lambert (2019): *Collective Choice in Dynamic Public Good Provision*. *American Economic Journal: Microeconomics*, vol. 11, pp. 243-298.
- \*Cvitanic, Jakč, and George Georgiadis (2016): *Achieving Efficiency in Dynamic Contribution Games*. *American Economic Journal: Microeconomics*, vol. 8, pp. 309-342.
- Coase, Ronald (1960): *The Problem of Social Cost*. *Journal of Law and Economics*, vol. 3, pp. 1-44.
- \*Georgiadis, George (2017): *Deadlines and Infrequent Monitoring in the Dynamic Provision of Public Goods*. *Journal of Public Economics*, vol. 152, pp. 1--12.
- Georgiadis, George, and Michael Powell (2019): *Lecture Notes on the Dynamic Provision of Public Goods*.
- Hardin, Garrett (1968): *The Tragedy of The Commons*. *Science*, vol. 162, pp. 1243-1248.

- Hotelling, Harold (1931): The Economics of Exhaustible Resources. *Journal of Political Economy*, vol. 39, pp. 137-175.
- IPCC (1992): Climate Change: The IPCC 1990 and 1992 Assessments. In: IPCC First Assessment Report Overview and Policymaker Summaries and 1992 IPCC Supplement.
- IPCC (2023): Summary for Policymakers. In: Climate Change 2023: Synthesis Report. IPCC, Geneva, Switzerland.
- Marx Leslie, and Steven A. Matthews (2000): Dynamic Voluntary Contribution to a Public Project. *Review of Economic Studies*, vol. 67, 327-358.
- Nordhaus, William (1992): An Optimal Transition Path for Controlling Greenhouse Gases. *Science*, vol. 258, pp. 1315-1319.
- Ostrom, Elinor (1999): Coping with Tragedies of the Commons. *Annual Review of Political Science*, vol. 2, pp. 493-535.
- Tirole, Jean (2012): Some Political Economy of Global Warming. *Economics of Energy & Environmental Policy*, vol. 1, pp. 121-132.

## Institutions

- Barrett, Scott (1994): Self-enforcing international environmental agreements. *Oxford Economic Papers*, vol. 46, pp. 878-894.
- Barrett, Scott (2006): Climate treaties and "breakthrough" technologies. *American Economic Review, Papers and Proceedings*, vol. 96, pp. 22-25.
- \*Barrett, Scott (2013): Climate treaties and approaching catastrophes. *Journal of Environmental Economics and Management*, vol. 66, pp. 235-250.
- Denter, Philipp (2023): Motivated Reasoning and the Political Economy of Ignoring Climate Change.
- Gollier, Christian (2022): The cost-efficiency carbon pricing puzzle. *Toulouse School of Economics Working Papers* 18-952.
- Goulder, Lawrence, and Andrew Schein (2013): Carbon Taxes vs. Cap and Trade: A Critical Review. *Climate Change Economics*, vol. 4, pp. 1-28
- Grüll, Georg, and Luca Taschini (2011): Cap-and-trade properties under different hybrid scheme designs. *Journal of Environmental Economics and Management*, vol. 61, pp. 107-118.
- Harstad, Bård (2012): Climate Contracts: A Game of Emissions, Investments, Negotiations, and Renegotiations. *Review of Economic Studies*, vol. 79, pp. 1527-1557.
- Harstad, Bård (2012): Buy Coal! A Case for Supply-Side Environmental Policy. *Journal of Political Economy*, vol. 120, pp.
- \*Harstad, Bård (2016): The Dynamics of Climate Agreements. *Journal of the European Economic Association*, vol. 14, pp. 719-52.
- \*Harstad, Bård (2022): Pledge-and-Review Bargaining: from Kyoto to Paris. *The Economic Journal*, vol. 133, pp. 1181-1216.
- \*Harstad, Bård, and Marco Battaglini (2020): The Political Economy of Weak Treaties. *Journal of Political Economy*, vol. 128, pp. 544--90.
- Levy, Raphaël (2014): Soothing politics. *Journal of Public Economics*, vol. 120, pp. 126-133.
- \*MacKenzie, Ian A., and Markus Ohndorf (2012): Cap-and-trade, taxes, and distributional conflict. *Journal of Environmental Economics and Management*, vol. 63, pp. 51-65.
- Montero, Juan-Pablo (2005): Pollution Markets with Imperfectly Observed Emissions. *The RAND Journal of Economics*, vol. 36, pp. 645-660.
- Nordhaus, William (2015): Climate Clubs: Overcoming Free-riding in International Climate Policy. *American Economic Review*, vol. 105, pp. 1339-1370.
- Sinn, Hans-Werner (2008): Public policies against global warming: a supply side approach. *International Tax and Public Finance*, vol. 15, pp. 360--394.
- Wagner, Ulrich (2001): The Design of Stable International Environmental Agreements: Economic Theory and Political Economy. *Journal of Economic Surveys*, vol. 15, pp. 377-411.
- \*Wagner, Ulrich (2016): Estimating Strategic Models of International Treaty Formation. *Review of Economic Studies*, vol. 83, pp. 1741-1778.
- Weitzman, Martin (1974): Prices vs. Quantities. *Review of Economic Studies*, vol. 41, pp. 477-491.
- Yates, Andres, and Mark Cronshaw (2001): Pollution Permit Markets with Intertemporal Trading and Asymmetric Information. *Journal of Environmental Economics and Management*, vol 42, pp. 104-118.

## Lobbyism & Activism

- Baron, David (2001): Private Politics, Corporate Social Responsibility, and Integrated Strategy. *Journal of Economics and Management Strategy*, vol. 10, pp. 7-45.
- \*Baron, David (2016): Self-Regulation and the Market for Activism. *Journal of Environmental Economics and Management*, vol. 25, pp. 584--607.
- \*Baron, David, and Daniel Diermeier (2007): Strategic Activism and Nonmarket Strategy. *Journal of Economics and Management Strategy*, vol. 16, pp. 599-634.
- \*Chiroleu-Assouline, Mireille, and Ariane Lambert-Mogiliansky (2023): Radical activism and self-regulation: An optimal campaign mechanism. *Journal of Environmental Economics and Management*,

vol. 118, article 102789.

Egorov, Georgy, and Bård Harstad (2017): Private Politics and Public Regulation. *Review of Economic Studies*, vol. 84, pp. 1652--1682.

Hungerman, Daniel, and Vivek Moorthy (2023): Every Day Is Earth Day: Evidence on the Long-Term Impact of Environmental Activism. *American Economic Journal: Applied Economics*, vol. 15, pp. 230-258.

## Learning and disinformation

Acemoglu, Daron, Munther Dahleh, Ilan Lobel, and Asuman Ozdaglar (2011): Bayesian Learning in Social Networks. *The Review of Economic Studies*, vol. 78, pp. 1201-1236.

\*Acemoglu, Daron, Asuman Ozdaglar, and James Siderius (2022): A Model of Online Misinformation.

\*Acemoglu, Daron, Asuman Ozdaglar, and Ali ParandehGheibi (2010): Spread of (mis)information in social networks. *Games and Economic Behavior*, vol. 70, pp. 194--227.

Allcott, Hunt, and Matthew Gentzkow (2017): Social Media and Fake News in the 2016 Election. *Journal of Economic Perspectives*, vol. 31, pp. 211--236.

Aral, Sinan, and Paramveer S. Dhillon (2018): Social influence maximization under empirical influence models. *Nature Human Behaviour*, vol. 2, pp. 375-382.

\*Barrera, Oscar, Sergei Guriev, Emeric Henry, and Ekaterina Zhuravskaya (2020): Facts, alternative facts, and fact checking in times of post-truth politics. *Journal of Public Economics*, 182:104123.

Bikhchandani, Sushil, David Hirshleifer, and Ivo Welch (1992): A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades. *Journal of Political Economy*, vol. 100, pp. 992-1026.

Bowen, Renee, Danil Dmitriev, and Simone Galperti (2023): Learning from Shared News: When Abundant Information Leads to Belief Polarization. *Quarterly Journal of Economics*, vol. 138, pp. 955-1000.

Centola, Damon (2010): The spread of behavior in an online social network experiment. *Science*, vol. 329, pp. 1194-1197.

Crawford, Vincent, and Joel Sobel (1982): Strategic Information Transmission. *Econometrica*, vol. 50, pp. 1431-1451.

DeGroot, Morris (1974): Reaching a Consensus. *Journal of the American Statistical Association*, vol. 69, pp. 118-121.

DeMarzo, Peter, Dimitri Vayanos, and Jeffrey Zwiebel (2003): Persuasion Bias, Social Influence, and Unidimensional Opinions. *The Quarterly Journal of Economics*, vol. 118, pp. 909--996.

Denter, Philipp, and Boris Ginzburg (2023): Troll Farms and Voter Disinformation.

\*Denter, Philipp, Martin Dumav, and Boris Ginzburg (2021): Social Connectivity, Media Bias, and Correlation Neglect. *The Economic Journal*, Volume 131, pages 2033-2057.

Editorial (2017): Fake news threatens a climate literate world. *Nature Communications*, vol. 8, 15460.

\*Golub, Benjamin, and Matthew O. Jackson (2010): Naïve Learning in Social Networks and the Wisdom of Crowds. *American Economic Journal: Microeconomics*, vol. 2, pp. 112-149.

\*Guriev, Sergei, Emeric Henry, and Ekaterina Zhuravskaya (2022): Checking and Sharing Alt-Facts. *American Economic Journal: Economic Policy*, vol. 14, pp. 55-86.

Kamenica, Emir, and Matthew Gentzkow (2011): Bayesian Persuasion. *American Economic Review*, vol. 101, pp. 2590-2615.

\*Kranton, Rachel, and David McAdams, D. (2022). Social Connectedness and Information Markets.

Liang, Annie (2022): Information and Learning in Economic Theory.

\*Papanastasiou, Yiangos (2020): Fake News Propagation and Detection: A Sequential Model. *Management Science*, 66, 1826--1846.

Pennycook, Gordon, Ziv Epstein, Mohsen Mosleh, Antonio A. Arechar, Dean Eckles, and David G. Rand (2021): Shifting attention to accuracy can reduce misinformation online. *Nature*, vol. 592, pp. 590-595.

\*Pogorelskyi and Shum (2020): News We Like to Share: How News Sharing on Social Networks Influences Voting Outcomes.

Vosoughi, S., Roy, D., and Aral, S. (2018). The spread of true and false news online. *Science*, 359, pp. 1146-1151.

## LEARNING ACTIVITIES AND METHODOLOGY

Topics will be presented in class by the instructors. Students, however, are expected to actively participate in class. Students are also expected to complete a series of activities related to doing research: write a final paper (hopefully conducive to a chapter of the PhD thesis), write two referee reports (one per module) and prepare two short presentations (one per module).

## ASSESSMENT SYSTEM

(50%) a final short paper, on a topic from the list of topics covered in any of the two modules of the course, which will be graded by both professors; (25%) first module grade (referee report, short presentation, participation, and perhaps a problem set); (25%) second module grade (referee report, short presentation, participation, and perhaps a problem set)

#### BASIC ELECTRONIC RESOURCES

- American Economic Association . Advice on how to write a referee report:  
<https://www.aeaweb.org/content/file?id=222>