

**SYLLABUS: Master Seminar in Public Economics, Nr. 26972-01 (FS 2020)**

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Location	Jacob Burckardt-Haus (JBH), Peter-Merian Weg 6 (for rooms, see below)
Sprache	English
Credits	6 CP
Duration	1 Semester; every spring semester
Module	Markets and Public Policy
Syllabus Version	February 4, 2020

**Goals and contents**

In this master seminar, students familiarize themselves with a published paper in the field of public economics and gain practical experience with data management and analysis. The skills acquired will be useful in the context of writing the master thesis, as well as in students' subsequent careers.

The task is to replicate and extend the assigned paper. Articles will be suggested, but students are free to propose their own paper that they wish to replicate, subject to approval by B. Hintermann. Since the focus of this seminar is empirical, previous knowledge of statistical software packages (such as Stata or R, depending on the paper) will be helpful. The extension can focus on a subsample, include additional explanatory variables, employ an alternative methodology and/or use additional data. The extension should provide additional intuition, and investigate the robustness of the results in the original paper.

As an alternative, students can also write a "traditional" seminar paper where they choose from a list of offered topics (see below) or propose their own. We consider this a backup solution for students who feel overwhelmed or otherwise uncomfortable by the task of replicating a published paper, but who nevertheless want to write a seminar paper in public economics.

**Structure of the seminar**

After the papers have been assigned, students have 3 weeks to determine what replication and extension they would like to carry out. During this time, students should carefully read the paper, check whether the required data is readily available, and think about possible extensions. If insufficient data is available for a meaningful replication exercise, a different paper will have to be selected. Students present their plan for the extension (what, how and why?) in a short presentation and receive feedback.

For students choosing a topic rather than a paper, the task is to refine and structure the research question such that it can be addressed in the context of this seminar.

The next step is to carry out the planned replication and extension analysis (or the analysis of the refined topic). The results are presented in a series of 50-minute-presentations. The quality of a seminar not only depends on the written papers and on the presentations, but also on the discussion that the presentations generate. To encourage participation, each student is assigned as a discussant to two other papers, for which he or she has to provide feedback after the presentation (naturally, students are invited to comment on all presentations, even if they are not an official discussant). Students are expected to incorporate the feedback received during their presentation into the final seminar paper.

Students will be assigned a direct supervisor, with whom they meet at least once during the semester. One meeting should take place between the paper outline and the main presentation. A second meeting is optional, and could either take place before the paper outline, or after the main presentation. The assignment of the supervisor will depend on the selected paper or topic.

The final grade for the seminar is a weighted average of the outline (10% weight), presentation (20%), participation (20%) and seminar paper (50%).

**Structure of the paper based on a replication and extension**

The seminar paper should be as detailed as necessary and as concise as possible. No important information should be omitted, but at the same time, only things that are relevant should be included. Writing a short paper more difficult than writing a long paper *with the same scientific content*. Recognizing what is important, and what is not, is a difficult task and requires a profound understanding of the topic at hand.

The seminar paper should be organized into an introduction, a description of the extension, an analysis and a conclusion. Each section is briefly described in the following.

**Introduction**

The seminar paper should start with a summary of the assigned paper, using students' own words, and a brief discussion of the main results. The introduction points out potential

shortcomings or problems in the paper (this may be difficult, given that the papers are published in top economics journals). What are the main assumptions required to generate the results, and how likely are these to hold?

The introduction also mentions any subsequent articles that build on the paper to be replicated and briefly mentions their main contribution (Web of Science and Google Scholar can be used to identify articles that cite a particular paper; this is called “reverse lookup”). A special focus should be placed on the articles that extend the paper at hand or make a comment about it, and less on those that simply cite the paper but essentially do something very different. An overview of this later work will help to give ideas about possible extensions. Articles that build on the paper and which are particularly relevant for the extension can be briefly mentioned in the introduction and then discussed in more detail in the section that describes the extension (see below). It may also be useful to take a (brief) look at the papers that are cited in the original article, but which take a different route e.g. in terms of methodology.

### **Description of the extension**

Next, the paper defines and describes the replication and extension tasks to be carried out, including a reason for why the proposed extensions are interesting. The extension addresses one of the shortcomings mentioned in the introduction or sheds light on one of the assumptions underlying the analysis. If the extension uses different data than the original paper, then this data should be described in terms of their source, summary statistics etc. and compared to the original data used in the paper. If other articles have been written based on the original paper, and these are relevant for the extension, the key elements of these subsequent papers can be discussed here. This section should also describe the main results of the extension. Do any results change qualitatively, relative to the main paper?

### **Analysis**

In this section, the actual replication exercise and the extension are carried out. Depending on the nature of the paper and the extension, this could be done in one or several chapters. For example, if the extension consists in estimating a regression with a subset of the data or including different variables, it makes sense to present the replication and the extension within the same table or figure (or a table placed right next to the original table) to facilitate comparison. If the extension consists in a different analysis, then a separate section would be more appropriate. Students should choose the format that makes most sense to them.

In principle, students should try to replicate all tables and figures in the main text of the original paper. If a paper contains a large number tables and figures, but only a subset of those are relevant for the proposed extension, then a replication of this subset will be sufficient (which results have to be replicated and which can be skipped has been agreed on

with the direct supervisor). In general, Tables and figures in the appendix of the original paper do not have to be replicated, unless they are important for the extension.

**Conclusion**

The conclusion highlights the main results of the extension(s) and discusses their implications. Do the results raise doubts about the main findings of the original paper, or do they confirm them? Were any of the results not replicable? What can we learn from the exercise? Are there other extensions that would be worthwhile (why?), but which could not be carried out due to time constraints or data availability?

**Bibliography**

The bibliography contains the papers cited in the seminar paper. At the very least, the bibliography includes the paper that the replication is about, but if other articles are cited in the seminar paper then these have to be listed here too. The bibliography style can be chosen by the student.

**Structure of the paper based on a topic****Introduction**

The introduction should describe the relevant background, including the most important literature, and describe and motivate the research question. It should also describe the methodology, the main data (if applicable) and the results. After reading the introduction the reader should know what the paper does and why this is interesting, what the main results are, and what we learn from all this. The rest of the paper should not contain to any “surprises”, but essentially provide more details about what is in the intro.

**Background section**

This section provides more background, in general. This could be a more in-depth literature review, the description of a particular market or of the data. There could also be more than one of these sections (e.g., literature and data). The main idea is to provide information here that is required to understand the paper, but which is too detailed for the introduction and the analysis sections.

**Analysis**

In this section the actual work takes place. This does not have to be a single section called “Analysis”, but can be up to three sections with different titles if this makes sense in the given context. As part of the analysis, the exact question should be developed and, if possible, stated in the form of a testable hypothesis (if this is not possible given the context, then the research question can be otherwise defined). The results are presented and discussed, as well as their relation to the previous literature (if applicable).

**Conclusion**

The conclusion section should be short. Do not repeat all the results (as they are already reflected in the introduction and analysis sections), but focus on the following questions: What do we learn from this paper? What are the main shortcomings of the analysis (due to data availability or other reasons), and how could this be addressed in future research? Are there any policy implications that follow from the paper?

### **Timeline of the seminar**

#### **February 17, 14:15-16:00, JBH HG S15: Kickoff meeting**

During this meeting, students are assigned their paper and a direct supervisor. If possible, all students work on their most preferred paper or topic, but this may not always be possible.

#### **March 18, 08:15-14:00 JBH HG S13 and/or March 19, 14:15-18:00 JBH HG S14: Presentation of paper outline**

In the second meeting of the seminar, students present the outline of their paper. Before this date, all students should have verified that the required data and code is available. This requires (i) reading the instructions, typically in a "Readme" file, (ii) downloading the required data and (iii) get the replication code to run. To download the data and codes, students will have to create an account with Open ICPSR, which is free of charge. If it turns out that data or code is missing, or that the code does not run for some reason, students should contact their supervisor immediately. If the problem cannot be solved, a different paper will be assigned.

The presentations are brief (ca. 15 minutes) and should address the following questions: What are the main results of the paper? How will the paper be extended? In what sense could this alter the main results or conclusions of the original paper, or enhance our intuition about the underlying mechanisms? If preliminary results already exist, they could be presented as well. If a topic is chosen rather than a paper, the student should define the exact research question and provide an outline as to how this question is to be answered in the paper. Feedback received during the presentation should be incorporated into the subsequent analysis.

#### **May 12, 14:15-18:00 and/or May 13, 08:15-16:00, JBH HG S15: Presentations**

Each student has 40 minutes consisting of 20-25 minutes for the actual presentation, followed by comments by the discussants and then the general audience. As a rule of thumb, one slide requires about 2 minutes, so it will be difficult to finish a presentation that has more than 15 slides. The main results of the replication/extension exercise (or of the analysis if a topic is chosen rather than a paper) should be finished for this presentation. All seminar participants are expected to attend all presentations and to actively participate in the

discussion. Comments and feedback received should be incorporated into the seminar paper.

**June 8: Submission of the seminar paper, by 23:59.**

The paper has to be submitted electronically to B. Hintermann. The codes and data used for the replication and extension should be submitted too. Where this is impractical, a link to the data source can be provided instead.

**List of papers for replication and extension**

- Banzhaf, H. S., & Walsh, R. P. (2008). Do People Vote with Their Feet? An Empirical Test of Tiebout's Mechanism. *American Economic Review*, 98(3), 843-863. Code available in Stata.
- Barahona, Nano, Francisco Gallego, and Juan-Pablo Montero (2019). Vintage-specific driving restrictions. *Review of Economic Studies* (online pre-print). Code available in Stata, with some subroutines in Matlab.
- Baskaran, T., & Hessami, Z. (2018). Does the election of a female leader clear the way for more women in politics? *American Economic Journal: Economic Policy*, 10(3), 95-121.
- Bento, A., Kaffine, D., Roth, K., & Zaragoza-Watkins, M. (2014). The effects of regulation in the presence of multiple unpriced externalities: Evidence from the transportation sector. *American Economic Journal: Economic Policy*, 6(3), 1-29. Code available in Stata, with some subroutines in Matlab and Mathematica.
- Burke, M., & Emerick, K. (2016). Adaptation to climate change: Evidence from US agriculture. *American Economic Journal: Economic Policy*, 8(3), 106-40.
- Byker, T. S. (2016). Paid parental leave laws in the United States: does short-duration leave affect women's labor-force attachment?. *American Economic Review*, 106(5), 242-46.
- Colussi, T. (2018). Social ties in academia: A friend is a treasure. *Review of Economics and Statistics*, 100(1), 45-50.
- De Feo, G., & De Luca, G. D. (2017). Mafia in the ballot box. *American Economic Journal: Economic Policy*, 9(3), 134-67. Code available in Stata.
- Deryugina, T. (2017). The fiscal cost of hurricanes: disaster aid versus social insurance. *American Economic Journal: Economic Policy*, 9(3), 168-98. Code available in Stata.
- Dinkelman, T. (2011). The effects of rural electrification on employment: New evidence from South Africa. *American Economic Review*, 101(7), 3078-3108. Code available in Stata.
- Gagliarducci, S., Nannicini, T., & Naticchioni, P. (2011). Electoral rules and politicians' behavior: a micro test. *American Economic Journal: Economic Policy*, 3(3), 144-74. Code available in Stata.
- Greenstone, M., & Hanna, R. (2014). Environmental regulations, air and water pollution, and infant mortality in India. *American Economic Review*, 104(10), 3038-72.
- Hodler, R., Luechinger, S., & Stutzer, A. (2015). The effects of voting costs on the democratic

process and public finances. *American Economic Journal: Economic Policy*, 7(1), 141-71.  
Code available in Stata.

Lalive, R., Schlosser, A., Steinhauer, A., & Zweimüller, J. (2014). Parental leave and mothers' careers: The relative importance of job protection and cash benefits. *Review of Economic Studies*, 81(1), 219-265. Code available in Stata.

Leduc, S., & Wilson, D. (2017). Are State governments roadblocks to federal stimulus? Evidence on the Flypaper Effect of Highway Grants in the 2009 Recovery Act. *American Economic Journal: Economic Policy*, 9(2), 253-292.

Leonardi, M. (2015). The effect of product demand on inequality: Evidence from the United States and the United Kingdom. *American Economic Journal: Applied Economics*, 7(3), 221-247.

Magruder, J. R. (2012). High unemployment yet few small firms: The role of centralized bargaining in South Africa. *American Economic Journal: Applied Economics*, 4(3), 138-66.

Maniadis, Z., Tufano, F., & List, J. A. (2014). One swallow doesn't make a summer: New evidence on anchoring effects. *The American Economic Review*, 104(1), 277-290. Code available in Stata.

McRae, S. (2015). Infrastructure quality and the subsidy trap. *American Economic Review*, 105(1), 35-66. Code available in Matlab.

Niehaus, P., & Sukhtankar, S. (2013). Corruption dynamics: The golden goose effect. *American Economic Journal: Economic Policy*, 5(4), 230-69.

Ragan, K. S. (2013). Taxes and time use: Fiscal policy in a household production model. *American Economic Journal: Macroeconomics*, 5(1), 168-92.

Vanden Eynde, O., Kuhn, P. M., & Moradi, A. (2018). Trickle-Down ethnic politics: drunk and absent in the Kenya police force (1957-1970). *American Economic Journal: Economic Policy*, 10(3), 388-417. Code available in Stata.

## List of topics

(Backup solution for students unwilling or unable to replicate and extend a paper)

### **Barriers to Transfer Take-Up in a Developing Country Setting: Evidence from South Africa**

The South African Older Persons' Grant is a large, non-contributory cash transfer to individuals above the age of 60 who have income and assets below a certain cut-off. In practice, recipients of the transfer are among the poorest individuals. Paradoxically, not all eligible individuals take up this transfer, which may result in welfare losses not only for the recipients, but also their fellow household members.

The goal of this analysis is to explore the determinants of transfer take-up and possibly identify the key driver(s). This analysis aims to shed light on where policy efforts should be directed in order to ensure higher take-up.

The provided dataset is a household panel with individual-level responses over five waves from 2008 to 2017. Apart from standard demographic variables, the data includes many additional measures that may be instrumental in transfer take-up.

Literature:

Case, Anne, and Angus Deaton. "Large cash transfers to the elderly in South Africa." *The Economic Journal* 108.450 (1998): 1330-1361.

**The Impact of Cash Transfers on Well-being: A Developing Country Perspective**

The South African Older Persons' Grant is a large, non-contributory cash transfer to individuals above the age of 60 who have income and assets below a certain cut-off. In practice, recipients of the transfer are among the poorest individuals. One can imagine that a large cash transfer may impact individuals along many dimensions, including life satisfaction and health.

The goal of this analysis is to measure the impact of this transfer on a specific dimension that has policy relevance.

The provided dataset is a household panel with individual-level responses over five waves from 2008 to 2017 and includes variables pertaining to health (self-assessed), education, employment, and personal finances.

Literature:

Case, Anne, and Angus Deaton. "Large cash transfers to the elderly in South Africa." *The Economic Journal* 108.450 (1998): 1330-1361.

Duflo, Esther. "Grandmothers and granddaughters: old-age pensions and intrahousehold allocation in South Africa." *The World Bank Economic Review* 17.1 (2003): 1-25.

Mulcahy, Kirsten, and Umakrishnan Kollamparambil. "The impact of rural-urban migration on subjective well-being in South Africa." *The Journal of Development Studies* 52.9 (2016): 1357-1371.