ACTION PLAN FOR 2024

The Institute of Political Economy and Governance (IPEG) has become a Research Center in Political Economy at the highest international standard. We aim to be an institution of reference for our signature research lines, generating new solutions to achieve prosperity by analyzing the conditions for growth, good institutions, and peaceful societies. We believe we fill an important gap in social science research by investigating these topics using innovative analytical tools, and new data sources. The interdisciplinary character of the center should promote creative approaches, and produce innovative solutions that can be transformed into policy recommendations.

This approach requires the collaboration of a complex and multidisciplinary team of researchers, including data engineers, economists, political scientists, etc. The application of this type of multidisciplinary methodology to the study of the central topics of research of IPEG is its greatest novelty. The application of this methodology also implies that it is a center of great frugality in relation to the beneficial effects that it can have for modern societies.

Our plan for 2024:

1**.** Keep our current structure with four research lines.

2. Keep our governance procedures.

3. Consolidate and create new specific laboratories associated with our signature projects to improve visibility.

4. Improve our research by collaborating with other top research center in our specialties.

5. Enlarge our research community to strengthen the multidisciplinary approach.

6**.** Promote training in our methodological approach.

7. Continue with our visitors' program.

8. Continue with our program of research activities and conferences with high academic impact.

9. Improve sustainability by a campaign of fund raising and international sponsorship.

The following pages develop some of the previous points.

Keep our structure

In 2019 we made some changes in our internal structure. We organized the structure of IPEG into several Research Lines. In particular, we merge several initiatives to gain scope economies and interdisciplinarity. The final structure that we started in 2019 is based on 4 research lines:

-Political Economy of Media
-Political Economy of Poverty, Inequality, Redistribution and Social Mobility
-Political Economy of Conflict and Globalization
-Political Economy of Urbanization and Climate Change.

Each Research Line has a Principal Investigator (PI) and several researcher associates.
The PI is responsible for leading the Research Line and Projects, providing strategic views on the research to be developed, and encouraging interdisciplinary research between Research Lines.

The center also encouraged the design of data projects that could be of interest for policy makers, and decision makers in general.

Keep the current governance

We created an Advisory Committee to help the Director in taking decisions related to hiring, rules for affiliation of new researchers, collaboration with other centers, etc.

Creation of Policy Laboratories

In 2024 we have two laboratories that are active. One (on Inequality) started operations during 2019 and a second one (on conflict) that started in 2020.
We plan to enlarge the laboratory of inequality given the new projects developed during 2023.
We have advanced on the development of the Conflict one. Therefore, we plan to start consolidating the laboratory of conflict during 2024.
And we plan to define a strategy for the future development of the Climate change laboratory. (third one)

Laboratory of Inequality:

Satellite day images:

During 2022, we have been in contact with Joshua Blumenstock from U.C. Berkeley School of Information and the Goldman School of Public Policy. He is the Director of the Data-Intensive Development Lab and the co-Director of the Center for Effective Global Action. Blumenstock does research at the intersection of machine learning and empirical economics, and focuses on using novel data and methods to understand the causes and consequences of global poverty. In 2022 they developed microestimates of the relative wealth and poverty of the populated surface of all 135 low and middle-income countries (LMICs) at 2.4km resolution. The estimates are built by applying machine-learning algorithms to vast and heterogeneous data from satellites, mobile phone networks, and topographic maps, as well as aggregated and deidentified connectivity data from facebook. The work is published in PNAS. They allow us to use this data to calculate new measures of inequality. We planned to develop this part during 2023. We could not do it. So we plan to do it during 2024.

Project 2: Real Time economics: using high-frequency data to track inequality

The Inequality Tracker is a pioneering project that aims to track developments in inequality and the role played by the welfare state in Spain in real time using techniques based on big data. It is a novel initiative carried out by a team made up of researchers from the Institute of Political Economy and Governance (IPEG) and CaixaBank Research that shows the enormous potential of the collaboration of researchers of private companies and research centers**.**

We will continue with the collaboration effort with CaixaBank Research (we started in 2020) in order to analyze wage inequality in the context of the impact of the COVID-19. We have also expanded the research lines that are explained in the Memoir. Finally, we will develop two new lines of research:

NEW: Objective 5: Income difference and cost of living across cities: how high and low income households are affected by geographical difference in the the cost of living

It is quite evident that there are large income differences across Spanish cities. There is also little doubt that the level of standard of living in each city - defined as the amount of market-based consumption that residents are able to afford – is also different. However, these are subjects that have attracted no attention in the past due mostly to the difficulties of obtaining information to analyze in detail the geographic differences of income and expenditure. Our collaboration with Caixabank can

help to solve this lack of statistical information with a very granular amount of data on income and expenditure at very detailed geographical levels.

We aim at providing estimates of the standard of living by municipalities of different size for households in a given income or education group, and its relationship to local prices. By combining datasets tracking household spending, including bank and credit card transaction data, we can measure mean consumption expenditures by municipalities and income group. To measure local prices, we plan to build an income-specific consumer price index by municipality. The objective is to explain why in large cities there is a lack of supply of workers with low levels of training and qualifications.

NEW: Objective 6: Understanding Altruism and Moral Universalism in Spain. Join with Ben Enke (Harvard University)

Research Proposal: The importance of the research question

Many economic settings involve interaction between different groups of people so the level of trust, altruism and moral universalism (the extent to which people exhibit the same level of altruism and trust towards strangers as towards in-group members) is a crucial factor in economic interactions, influencing decision-making, cooperation, and the overall functioning of markets and institutions. According to data from the Spanish tax agency, in 2021, 17.3% of the tax returns show some kind of donation to a non-profit organization.

Altruism, the selfless concern for the well-being of others, plays a crucial and multifaceted role in various aspects of individual and societal well-being. Altruism is fundamental to the development and maintenance of social bonds. This is particularly important for the resilience of democratic societies to shocks when they are subject to the polarizing forces derived from populism and the spread of fake news. When individuals exhibit altruistic behaviors, it fosters a sense of trust and cooperation within communities and societies that can help to strengthen the social contract. Altruistic actions contribute to the formation and strengthening of communities. When people engage in acts of kindness and support, it creates a sense of unity and shared purpose, leading to the formation of resilient communities and institutions. Altruism contributes to the development of reciprocal relationships and trust. When people experience altruistic behavior from others, they are more likely to reciprocate, creating a positive cycle of trust and cooperation. Altruism is often at the core of efforts to address social inequalities and injustices. In a globalized world, altruism becomes crucial for addressing global challenges such as poverty, climate change, and public health crises. Societies that prioritize and encourage altruistic behaviors tend to be more stable in the long term. Altruism can mitigate social conflicts, promote inclusivity, and contribute to the overall well-being of a society. Therefore, altruism is a foundational element for the well-functioning of individuals and societies. It not only contributes to

the immediate benefit of those receiving help but also creates a positive and interconnected social fabric that enhances the overall quality of life for everyone involve.

Moral universalism provides a framework for cross-cultural understanding by emphasizing shared ethical principles. It helps bridge cultural gaps, fostering mutual respect and appreciation for diverse perspectives while recognizing common moral ground. It serves as a foundation for advocating social justice. In a globalized world, moral universalism facilitates international cooperation and diplomacy. Shared ethical principles contribute to the development of global agreements, treaties, and norms that address common challenges such as climate change, poverty, and public health equality, and the protection of basic human dignity across different societies. Moral universalism is instrumental in guiding responses to crises and disasters. Embracing moral universalism helps mitigate cultural biases that may lead to discrimination or injustice. It encourages a more inclusive and equitable approach to social, economic, and political issues. Therefore, moral universalism contributes to the establishment of a global ethical framework, promoting fairness, justice, and mutual understanding across diverse societies. It guides individuals, institutions, and nations toward ethical decision-making and actions that prioritize the well-being and dignity of all individuals.

In this project we want to investigate how altruism and moral universalism operate in the real world, and therefore we propose a new methodology based on big data which will provide for the first time, a comprehensive measure on trust and moral universalism to understand how it operates in our society. In the past, economists have used laboratory experiments to measure altruism and moral universalism. However, the most direct, homogenous and comparable data on altruism come from donations. And the destination of donations (local versus international) is a potential way to identify the degree of moral universalism of individuals.

Methodology: using big data to measure and track altruism and moral universalism

Measuring altruism and moral universalism is a complex task. Some studies use surveys and questionnaires to directly ask individuals about their level of trust, altruism or moral universalism in specific contexts, such as interpersonal relationships, institutions, or markets. This generates very subjective measures that are difficult to interpret. It is also possible to measure these concepts using experiments like the Trust Game (Kranton et al., 2020). These games aim to capture trust, altruism and moral universalism in controlled environments. However, experiments present usually problems of external validity. The first attempt to create measures of moral universalism (Enke et al., 2022) uses surveys. Enke et al. (2022) acknowledges previous experimental work that demonstrated such in-group favoritism but points out that there are open questions about how universalism operates in real-world economic contexts. To address these questions, the authors propose a survey-based measure of universalism in altruism and trust that can be easily applied to large and diverse samples. The study aims to understand individual heterogeneity in universalism, considering factors like age, gender,

income, cognitive skills, rural/urban residence, and religiosity. It reveals that universalists, those who allocate altruism more uniformly, exhibit distinct patterns in their behavior compared to non-universalists.

In our project instead of questionnaires and surveys for the measurement, we will use real-world data on altruism and universalism based on the donations that individuals make using anonymized data from more than 3 million of accounts from a large Spanish Bank. The preliminary analysis leads us to believe that there is enough information for a detailed analysis. The data includes 312.600 annual donations to 1,688 different entities that include NGOs, parishes, foundations, non-profit associations, and a total of 75 million of euros per year. This will be the first time that a study uses naturally generated microdata on altruism and moral universalism. Our data provide enormous advantages with respect to surveys since it is based on real donations. The number of individuals of the potential sample is much larger than the traditional small surveys used in the literature. The aim of our project is to provide a new measure of universalism and altruism based on real donations to different NGO (local, global) using anonymous information from bank accounts, and interpret its determinants.

Implementation: Our proposal

Our objective is to use bank account data to measure altruism and moral universalism and to analyze individual behavior to understand the causal factors. Our methodological proposal aims at the following objectives:

1. Measure altruism and Moral universalism, and track these measures over time. Use information on donations to have a real measure of trust. Use information on the destination organization to identify if it is a local or an international donation. This will allow us to distinguish and identify moral universalism.

2. Analyze the characteristics of individuals that show more altruistic behavior and universalism behavior: age, gender, wage, region, nationality, etc.

3. Analyze the effect of global shocks like COVID19, international wars, etc. on donations and moral universalism.

4. Analyze particular campaigns and check their effectiveness. The type of data that we will use allows us to follow up campaign since it is very granular in time.

5. Evaluate the policies to encourage donations and moral universalistic behavior.

Examples of Potential outcomes:

1. Donations on the right-hand side: how donations affect local vote share distribution

2. Donations on the left-hand side: how economic shocks affect the change in donations.

3..Universal versus local donation on the left-hand side: analyze the characteristics of people like gender, age, wage, rural/urban, type of spending, region, etc

Laboratory of Conflict:

Project 2: Using News to predict conflict: In collaboration with Ricardo Baeza
Sponsorship:

ERC-Advanced grant (Marta Reynal-Querol) from 2023 to 2027

Potential founder: Ramon Areces Foundation.

Future: International Sponsorship: we are working with Ricardo Baeza on this.

Together with Ricardo Baeza, we have defined a new methodology that we start implementing during 2023. We designed an application for analyzing how news changes over time. This is designed to discover how entities such as people and locations associated with a query change over time. By searching on time expressions extracted automatically from text, the application allows the user to explore not only how topics evolved in the past but also how they will continue to evolve in the future. The new application will be developed based on the "Time Explorer", an application created by Yahoo Labs researchers with Ricardo Baeza in 2010. During 2024 we plan to have access to FACTIVA through the collaboration of some Banc to be able to fully implement and develop the project.

NEW: Project 3: Leadership (in Collaboration with Mario Carillo)

War has many causes, and no single theory can fully account for them. In history, there have been four main ways of understanding war. Biological ways looked at human violence as stemming from the aggressive actions of many animal species, especially over mating, territory, or hierarchy. Psychological ways pointed to a natural destructive tendency, unresolved bitterness toward authority, or hunger for power in humans that was best shown in war. Religious ways saw many wars as symbolizing the fight between good and evil or the divinely sanctioned duty to convert unbelievers and heretics to the true religion. Social ways, which are the most common, usually linked the causes of war to economic and social inequalities within nations or competing ideologies or nationalistic goals or the selfish plans of certain groups such as industrialists or the military elite.

But no matter what way we choose to explain war, one thing stays the same. War still means one leader of a nation wanting to impose his will on another leader and his followers.

In 2019, an article in "The Economist" said "No conflict occurs without leaders to give orders and soldiers to pull triggers. No atrocities are committed unless human beings choose to commit them"*

Also Overbeek tweeted 'Hundreds of thousands often young people, are being driven to death because their leaders do not want to tackle a stupid conflict.'

In an interview in April 2023 (Economist November 2023), Henry Kissinger explained that " Leadership will matter….. he has long been a believer in the power of individuals......World leaders therefore bear a heavy responsibility. They require the realism to face up to the dangers ahead, the vision to see that a solution lies in achieving a balance between their countries' forces, and the restraint to refrain from using their offensive powers to the maximum. "It is an unprecedented challenge and great opportunity," Mr Kissinger says. ….The future of humanity depends on getting it right."

Having the right leaders is therefore crucial to deal with international situations as hostilities between countries. And more important understanding how leaders' interact is a first order issue that will determine when we have more potential for an international conflict and therefore will determine the future of humanity using Kissinger's words.

This line of research will study leadership. Moreover, we will construct a large dataset on leaders' characteristics: education, leadership capacity, leader phenotypes….etc. Characteristics that our research shows to have an impact, specially among international relations. The web page will capture "Who Governs the World". We will also develop a real-time measure of potential hostilities between nations. We will do a pilot with the new US elections.

International visibility and Increasing collaboration with other research centers

We are in contact with some institutes and research centers that have complementary objectives, in order to establish potential collaborations, with the idea of increasing our visibility among the academic and policy world:

1) Our website, gives much more visibility to the "IPEG message", especially internationally.

https://barcelona-ipeg.eu/

2) We have a joint project with CaixaBank. Inequality monitoring is a pioneering project that aims to monitor the evolution of inequality and the role played by the welfare state in Spain in real time using techniques based on big data. https://inequality-tracker.caixabankresearch.com/en/

3) Third, we are collaboration with World Justice Project in a new project on "Justice Inequality". We have access to their internal data.

4) We are collaborating with Gallup to have access to their internal data

5) We have this new project in collaboration with BSC and Harvard's IQSS.

Institutions for future collaboration:

Pearson Institute for the Study and Resolution of Global Conflicts. (Directed by James Robinson) At University of Chicago) https://thepearsoninstitute.org/

UC Global Institute On Global Conflict and Cooperation (Eli Berman: IGCC Research Director for International Security Studies) https://igcc.ucsd.edu/research-and-programs/research/development-conflict/deterrence-with-proxies/index.html

BSC with climate change Research Group.

Enlarging research community affiliated with IPEG.

In order to enlarge the community we first need to have more resources.

Communicating research

As any academically oriented institution we communicate and discuss our research in seminars and conferences.

Regular meetings and seminars:
Seminar series (mostly weekly or bi-weekly).
Reading group in Political Economy.
The Brainstorming Meeting in Political Economy

Supporting IPEG PhD students projects and initiative. Some example are:
- buying datasets they use for the PhD thesis, and the data will be owned by IPEG.
- Initiate the design of construction of datasets.

Workshops 2024:

The 10th Annual Workshop on Political Economy of Development and Conflict, Autumn, 2024

Barcelona GSE Summer Forum Workshop on Political Economy, June 2024

There are other workshops which are still not confirmed.

Improving long run sustainability

IPEG resources come from research grants of its researchers and, most importantly, from funding directly from the Generalitat. Unfortunately, the fund provided by la Caixa-Generalitat end after the actual "conveni" that finalized at the end of 2022. Given this uncertainty we should try to diversify the ources of finance. In that respect we have been very competitive with Competitive grants that will be spent during 2022 and 2023. I have won and ERC-Adv that will help in financing some of the projects in the future. We have already started working in looking for resources that substitute the finding from La Caixa.

It would be possible, although hard, to find an international sponsor. Some of the topics of the IPEG are of interest for large international organization and potentially some sponsors. An example of a similar initiative is the recent creation of the Pearson Institute for the Study and Resolution of Global Conflicts in the Harris School of Public Policy of the University of Chicago. The Pearson Family Foundation donated 100 million Dollars for the creation of this institute.
At the moment we will try to obtain international sponsor with the help of Ricardo Baeza and the conflict project.