Discussion

The Macroeconomic Impact of Social Unrest
By M. Hadzi-Vaskov, S. Pieknaqura and L.A. Ricci

Bob Rijkers
Development Research Group
Measuring Social Unrest is Inherently Challenging

Contributions

• New cross-country index of social unrest based on news data from common sources

• Quantification of the correlation between social unrest and economic performance
  • Disaggregation by type of unrest and prior economic performance

Questions

• What does the RSUI index measure?
  • Inherent bias?

• Causality?

• Mechanisms?
What does the RSUI measure?

Based on Western media sources

- Pro: same source
- Con: bias
  - Selective coverage (see e.g. Do & Das, 2009)
  - Crowding out by other more newsworthy events
  - Coverage is endogenous to unrest & shifting geopolitical interests

What is “unrest”?

- Is it a precursor to war and/or regime change?
  - Sample restricted to non-fragile countries (selection bias?)
Causality: is unrest exogenous?

- Bardett et al. (2020), p1:
  
  *Unrest has a natural connection to economic questions, as economic factors may contribute to social unrest. For example, increases in taxes and fuel prices were important triggers for recent protests in Lebanon and Iran, respectively.*

- IV: unrest in other countries
  - Is the exclusion restriction satisfied?
Mechanisms

• Why do countries with better institutions and greater fiscal space suffer lower output losses?
  • Increased spending?
  • Less repression?
  • Less political risk?

• Testable! E.g. interact measures of unrest with
  • Government spending
  • Repression
  • Political risk