

Economic Effects of Political Institutions

Course title – Intitulé du cours	Economic Effects of Political Institutions
Level / Semester – Niveau /semestre	M2 / S1
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Jan Stuckatz, Margot Dazey, Imil Nurutdinov
Other teacher(s) – Autre(s) enseignant(s)	
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Lecture Hours – Volume Horaire CM	30
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	Anglais
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

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Office hours: by appointment

Course Objectives – Objectifs du cours :

This course serves as an introduction to a number of topics in contemporary political economy. As part of the course, students will develop critical understanding of pressing public policy issues, such as: How does increasing inequality affect democratic institutions? What are the economic and political explanations for the rise of populism in Western democracies? What explains the variation in immigration policies? How do political institutions accommodate religious and ethnic diversity? Why do some countries succeed at implementation of reforms and public projects, while others fail? How does inter- and intra-state conflict affect decision-making by individuals and firms? How can the financial system mitigate or exacerbate pre-existing social tensions?

These and other questions are examined through the lens of rich qualitative and quantitative evidence from contemporary research in economics, political science, and sociology. A major component of the course is critical evaluation of various methodological approaches and their applicability in each particular setting. These approaches include ethnographic research, causal inference using observational data (difference-in-differences, the synthetic control method), and field experiments. The course also emphasizes the importance of measurement issues that may arise in practice and

discusses interpretability of research findings. Upon completion, students will acquire both the theoretical knowledge and practical skills that are necessary for rigorous policy evaluation.

Prerequisites – Pré requis :

Program evaluation methods at the level of *Mostly Harmless Econometrics* (2008) by Angrist and Pischke. Basic microeconomics.

Practical information about the sessions – Modalités pratiques de gestion du cours :

This is a seminar, not a lecture course. Students are expected to thoroughly read all the indicated readings prior to each session and actively participate in discussion.

Grading system – Modalités d'évaluation :

There are two written assignments. The first one is a response paper that discusses the assigned readings for one of the sessions (up to 5 double-spaced pages). This exercise requires students to provide a brief analytical account of the common theme(s) among the readings, point out the main areas of disagreement and their possible sources, and give an assessment of the unresolved issues. The paper should be submitted by email by 23:59 on the day before the respective session.

The second assignment is a final paper that is due at 23:59 on December 20. This exercise consists of a research design aimed at investigating the economic effects of a political institution (details to be discussed in class). The paper should justify the research question, derive observable implications from a theoretical framework, propose a valid empirical test, and describe the implementation logistics (i.e., how the data will be collected, stored, and analyzed). The topic should be approved by the instructor beforehand.

All written assignments (response papers and final papers) should be submitted at jan.stuckatz@iast.fr. Late submissions will not be accepted.

The final grade is a weighted average: 25% response paper, 60% final paper, 15% class participation.

Distance learning – Enseignement à distance :

Classes will be held online until further notice. A Zoom link will be provided before each session. Depending on the evolution of the situation, we may shift to face-to-face classes later in the semester (students will still have the option to attend sessions via Zoom).

Instructors will be available for online office hours (please send us an email to make an appointment).

Confidentiality – Confidentialité :

Recording Zoom sessions in any form, including taking screenshots, is prohibited. Redistributing any class materials (such as the articles and slides uploaded on Moodle) is also prohibited.

Bibliography/references – Bibliographie/références :

All required articles and chapters will become available on Moodle.

Session planning – Planification des séances :

Topic 0: Introduction (Jan Stuckatz, Margot Dazey, Imil Nurutdinov)

Topic 1: Inequality and Representation (Jan Stuckatz)

How does economic inequality impact equality in political representation? How does politics themselves affect, and possibly, perpetuate inequality? What can be done about it?

Topic 2: Money in Politics (Jan Stuckatz)

Why do individuals and organizations engage in political donations and what is the impact of donations on politics? What are other ways corporations and other organized interests try to exert influence on policy-makers, and how effective are they in achieving their goals?

Topic 3: The Political Economy of Finance (Imil Nurutdinov)

How does social conflict shape financial institutions? How do financial shocks affect pre-existing cleavages? Can financial technology mitigate such cleavages?

Topic 4: Political Economy Accounts of Populism (Jan Stuckatz)

What is the impact of globalization, public spending, and labor markets on electoral outcomes and political attitudes? How has it affected the recent rise of populist parties in Western democracies?

Topic 5: The Politics of Immigration (Margot Dazey)

How do states regulate immigration? How does this affect migrants and their integration into the host society? What are the consequences of assimilationist policies?

Topic 6: Anti-Discrimination Policies (Margot Dazey)

What has been the historical role of the state in enforcing discrimination? What is done today to prevent unfair treatments on the basis of ascribed characteristics (gender, race, etc.)? What are the objectives of affirmative action and does it successfully correct inequalities?

Topic 7: Religious Governance (Margot Dazey)

What are the historical premises upon which Church-State relations are built? How do states handle religious diversity? And in return, how do religious beliefs influence political participation?

Topic 8: Bureaucracy and Development (Imil Nurutdinov)

How is the state actually administered? Should we think of it as a unitary actor? What are the political and non-political frictions in pursuit of developmental objectives?

Topic 9: Cooperation, Integration, and Optimal Jurisdictions (Imil Nurutdinov)

What are the limits of interjurisdictional cooperation? What are the economic and political trade-offs of integration? Is there "optimal" separation of powers for certain policy objectives?

Topic 10: Conflict (Imil Nurutdinov)

What are the incentives to engage in conflict for state and non-state actors? What are the direct and indirect costs of conflict? What can states do about it?

Distance learning – Enseignement à distance :

- Classes are held live via Zoom
- Office hours held live via Zoom

- Course material and links to Zoom meetings to be posted on Moodle
- Course supplemented with online coding/analysis exercises and assignments