

Advanced Topics in Political Economy (MRes S2, Spring 2023)

Course title – Intitulé du cours	Advanced Topics in Political Economy
Level / Semester – Niveau / semestre	
School – Composante	Toulouse School of Economics
Teacher – Enseignant responsable	Karine Van der Straeten
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	15 hours
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	

Teaching staff contacts:

Teacher:
Karine Van der Straeten
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Office: T465

Preferred means of interaction: in person (if possible with prior appointment) and by email

Course Objectives:

The objective of the course is to study some of key theoretical ideas for why and how politics affects economic policies. These theoretical ideas will be discussed in light of a variety of empirical studies. The course will examine issues such as inequalities and redistribution, the measurement of economic and political preferences, the crisis of democratic representation, from both theoretical and empirical angles.

Prerequisites :

The prerequisites for this class are Political Economy (M2 ETE, Instructor: Philippe De Donder), or the equivalent.

Practical information about the sessions:

The sessions will combine a general presentation of the topic by the instructor, and open discussions with the class about academic economics papers.

Students are expected to participate actively during sessions.

The readings for the class are mostly academic economics papers. Participants will be expected to do the required readings before class (one academic article every two sessions). The discussion of the article will start with a brief presentation of the article by one of the students.

Grading system:

Final exam:

Students will have a choice between two options:

(1) Write a short proposal for a research topic in political economy.

(2) Write a referee report on a recent working paper related to the topics that we discussed in class.

This short paper should be 5-page-long max.

Each student will then have a 30-minute-long Q&A oral session with the instructor about their paper.

The final grade for the class will take into account the paper and Q&A session (70% of the grade), as well as general participation during the whole term.

Bibliography/references:

Background reading

Persson, T. & Tabellini, G. (2002) "Political Economics", MIT Press

Academic papers

See below in the program by topics

Session planning:

Sessions 1-3: The political economy of redistribution

How economic inequalities shape political conflict about redistribution
Why countries differ in the level of inequality that they deem acceptable
Impact of different political institutions on inequalities

Reading:

1. Alesina, Alberto, Armando Miano, and Stefanie Stantcheva (2022). "Immigration and Redistribution," Forthcoming in *Review of Economic Studies*; also NBER Working Paper 24733.
2. Bénabou Roland & Jean Tirole (2006). "Belief in a Just World and Redistributive Politics", *The Quarterly Journal of Economics*, 121(2), pp. 699–746
3. Shayo, Moses (2009). "A Model of Social Identity with an Application to Political Economy: Nation, Class and Redistribution". *American Political Science Review* 103(2), 147-174, 2009.

Sessions 4-6: The measurement of economic and political preferences

Conceptual challenges
Surveys and experiments

Reading:

1. Bénabou, Roland, Armin Falk, Luca Henkel, Jean Tirole (2020). "Eliciting Moral Preferences: Theory and Experiment". Mimeo TSE
2. Cavaillé, Charlotte, Daniel Chen, and Karine Van der Straeten (2022). "Who cares? Measuring preference intensity in a polarized environment". TSE Working Paper, n° 22-1297, 2022
3. Stantcheva, Stefanie (2020). "Understanding Tax Policy: How Do People Reason?" NBER Working Paper No. 27699

Sessions 7-10: The crisis of democratic representation

The unequal access to political representation: causes and consequences
Populism as a response to unequal representation
Political polarization

Reading:

1. Acemoglu, Daron, Georgy Egorov and Konstantin Sonin (2013). "A Political Theory of Populism", *Quarterly Journal of Economics* 128 (2), pp. 771-805
2. Chattopadhyay, R., & Duflo, E. (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India". *Econometrica*, 72(5), 1409-1443
3. Gentzkow, Matthew, Jesse M. Shapiro, and Matt Taddy (2019). "Measuring Group Differences in High-Dimensional Choices: Method and Application to Congressional Speech". *Econometrica*, Vol. 87, No. 4, 1307–1340