



COURSE SYLLABUS

I-Course Information:

Title of the course	Political Economy
Department	Data Science
Specialization	Data Science – 2nd Year
Academic Year	2021/2022
Semester Duration	13 weeks
Credit Number	
Number of Hours	
Course Instructor	Prof. Jassem AJAKA
Email	jassemajaka@ul.edu.lb
Office Hours	

II- Course Description

Political Economy is one of the most active fields not only in macroeconomics, but also in economics in general. Though the question of how politics affects economic outcomes is one of the oldest in economics, “new” political economy is one of the newest fields in the discipline. The adjective “new” is sometimes added to avoid confusion with use of the term “political economy” to refer to economics itself. This general usage is still popular in some contexts, but political economy as it is used here and among people active in research refers to something more specific. New political economy is defined not simply by renewed interest in the question of how politics affects economics, but more so by its approach to this question, namely, by the use of the conceptual and technical tools of modern economic analysis.

III-Course Objectives

This course aims to provide students with/allows students to:

- ❖ Understand how politics affect economics and more specifically the mechanism behind the functional relation;
- ❖ Model these mechanisms based on mathematical models;
- ❖ Implement these models in a software (Python, Excel, Eviews, C++...).
- ❖ Interpret the result from an economic standpoint

In order to achieve the objectives of the course, the following requirements must be met by the student:

- Scientific activities
- Academic regulations
- Academic work and perseverance
- 70% attendance and participation



IV- Course Outline and Calendar

Learning Objective	Session (s)	Learning Content	Pedagogical Strategy& Tools
What is a Political Economy?	1	• Politics and Economics • Types of Heterogeneity • An Illustration of Approaches	PowerPoint, Exercises, TD (Python, C++, Excel...)
Economic Models for Political Analysis	2	• The Principal-Agent Problem • Discrete Time Dynamic Models - Dynamic Programming • The Overlapping Generations Model • Effects of Uncertain Future Policies	PowerPoint, Exercises, TD (Python, C++, Excel...)
Decision-making Mechanisms	3	• How Much Political Detail? • Choosing Decision-making Mechanisms • Direct Democracy • Representative Democracy • Multiparty Systems • Interest Groups and Lobbying • Transaction Cost Politics	PowerPoint, Exercises, TD (Python, C++, Excel...)
The Time-Consistency Problem	4	• Capital Taxation • Time Inconsistency as a Conflict of Interests • The Barro-Gordon Model • Seigniorage Revenue and the Optimum Quantity of Money • Commitment versus Flexibility	PowerPoint, Exercises, TD (Python, C++, Excel...)
Laws, Institutions, and Delegated Authority	5	• Laws, Constitutions, and Social Contracts • Delegation of Authority • Central Bank Independence • Fiscal Structures for Time Consistency	PowerPoint, Exercises, TD (Python, C++, Excel...)
Credibility and Reputation	6	• Reputation • Reputation under Complete Information • Reputation under Incomplete Information Mimicking • Does Reputation Solve the Time-Consistency Problem? • Signaling • Reputation for Not Reneging on Commitments • Credibility and External Circumstances • Ambiguity, Secrecy, and Imprecise Control	PowerPoint, Exercises, TD (Python, C++, Excel...)
Elections and Changes of Policymakers	7	• Elections and Policymaker Performance • The Opportunistic Political Business Cycle • Partisan Political Cycles • Competence and Prospective Voting • Campaign Promises	PowerPoint, Exercises, TD (Python, C++, Excel...)



		• Interactions of the Executive and the Legislature • Multiparty Systems and Endogenous Election Dates • Tying the Hands of One's Replacement	
Midterm			
Redistribution	8	• Redistribution of Income • Differential Transfers • Nonmonetary Redistribution • Rent Seeking and Predation • Intergenerational Redistribution • Redistribution and Mobility	PowerPoint, Exercises, TD (Python, C++, Excel...)
Public Goods	9	• Public Goods - The Neoclassical Approach • Provision of Public Goods in Practice • Voluntary Provision of Public Goods - Free Riders • and Collective Action • Voluntary Provision of Public Goods - Clubs • The Static Public Goods Game • The War of Attrition in Public Goods Provision	PowerPoint, Exercises, TD (Python, C++, Excel...)
Inaction, Delay, and Crisis	10	• Economic Arguments • Vested Interests • Non-adoption due to Uncertainty about Individual Benefits • Communication Failures • Conflict over the Burden of Reform • Common Property Models • Economic Crises	PowerPoint, Exercises, TD (Python, C++, Excel...)
Factor Accumulation and Growth	11	• Basic Models of Fiscal Policy and Capital Accumulation • Imperfect Capital Markets, Externalities, and Endogenous • Income Distribution • Political Institutions and Regimes • Socio-Political Instability • Empirical Determinants of Growth	PowerPoint, Exercises, TD (Python, C++, Excel...)
The International Economy	12	• Exchange-Rate Arrangements • Fixed versus Flexible Exchange Rates • Currency Crises and Contagious Speculative Attacks • Monetary Unions • Macroeconomic Interdependence • International Policy Cooperation • Political Responses to External Shocks • International Capital and Aid Flows Capital Controls • Sovereign Borrowing	PowerPoint, Exercises, TD (Python, C++, Excel...)



		• Foreign Aid	
Economic Reform and Transition	13	• Defining the Issues • Economic and Political Constraints • The Implications of Magnitude - A Formal Analysis • Heterogeneity and Political Constraints • Labor Reallocation • Privatization • Price Liberalization	PowerPoint, Exercises, TD (Python, C++, Excel...)
The Size of Government and the Number of Nations	14	• The Scope of Government • The Size of Government - Government Spending • Government Debt and Deficits • Budgetary Rules and Institutions • The Number of Nations	PowerPoint, Exercises, TD (Python, C++, Excel...)
Final Exam			

P.S.: The course outline above may be modified during the semester.

V- Teaching approach & methods

The methodology applied in this course is based on an explanation of the theoretical part of the topic followed by numerical exercises and simulation/analysis using programming language.

VI- Assessment Methods

The success of the student in this course is based on:

- 1- His/her active participation in class.
- 2- His/her scientific contribution through research done outside the classroom.
- 3- His/her reading notes, research reports and practical applications as requested by course instructor.

The assessment of the student is carried out according to the following grid:

Assessment Type	Final Grade Weighting (%)	Dates/Deadlines
Participation (projects, research paper, oral presentation, etc.)	20%	
Midterm Exam	20%	
Final exam	60%	
Total	100%	

VII- Specific Course Requirements

1- Regulations concerning deadlines for written and applied work submissions

The teacher has the right to:

- Refuse to receive written applied work outside the deadlines.



- Give the student additional time after omitting up to 25% of the mark awarded to the concerned activity.

2- Academic measures in case of plagiarism

The student shall be liable to the following penalties in case of any attempt of illicit scientific citation:

- Cancellation of the student's contribution, activity or scientific article and reduction of the final mark.
- If the same offense is reported in other courses, cancellation of the final exam and failure in the relevant course(s).

VIII- Reference Book

- ALLAN DRAZEN, 2000, Political Economy in Macroeconomics, Princeton University Press, ISBN 0-691-09257-5

IX- Bibliography& Additional Sources

-