

CODE	ECN2310
TITLE	Introduction to Political Economy
LEVEL	02 - Years 2, 3 in Modular Undergraduate Course
ECTS CREDITS	4
DEPARTMENT	Economics
DESCRIPTION	<p>Originally, economics was called political economy, and those studying it readily accepted that economic decisions are made in a political world. However, economics eventually separated itself from politics to pursue rigorous methods of analyzing individual behaviour and markets. Recently, due to the unfolding global events and academic interest, an increasing number of economists and policymakers have turned their attention to the old question of how politics shapes economic outcomes. The world economy has shown us that it is necessary to understand the complex relationships between politics and economics. Governments and political processes define the boundaries of economic relationships and the rules of market interactions. Moreover, governments themselves allocate resources and these in turn reflect complex political bargaining between different stakeholders. Understanding the interaction between politics and economics can help us to gain insight into the key questions of public policy making. This study-unit will examine public and economic policy making, its characteristics, determinants and consequences in democratic societies. The unit will first provide theoretical foundations before examining a number of topics from both theoretical and applied areas of political economy such as collective action and the provision of public goods, fiscal policy and redistribution, economic cycles and elections, rent-seeking, regulation as well as the economics of information.</p> <p>Study-unit Aims:</p> <ul style="list-style-type: none"> - Basic issues and tools of analysis – introduction to political economy, economic models for political analysis and decision making mechanisms - Commitment, credibility and reputation – time consistency, delegated authority and central bank independence, asymmetric information - Public goods and the collective action problem - Elections and public policy - The public choice of redistribution and the size of the public sector - Rent-seeking

- Current issues in political economy

Learning Outcomes:

1. Knowledge & Understanding:

By the end of the study-unit the student will be able to:

- Demonstrate and understand the main fundamentals of political economy.
- Comprehend the main theories and problems of political economy.

2. Skills:

By the end of the study-unit the student will be able to:

- Wider analyse of the economy and its problems.
- Inter-link between the economy and politics.

Main Text/s and any supplementary readings:

- Mueller, Public Choice, Cambridge.
- Drazen, Political Economy in Macroeconomics, Princeton.
- Dixit, The Making of Economic Policy, MIT Press.
- Persson & Tabellini, Political Economics: Explaining Economic Policy, MIT Press.

STUDY-UNIT TYPE

Lecture

METHOD OF ASSESSMENT

Assessment Component/s	Assessment Due	Sept. Asst Session	Weighting
Assignment	SEM2	Yes	20%
Examination (2 Hours)	SEM2	Yes	80%

LECTURER/S

Josef Bonnici

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The availability of optional units may be subject to timetabling constraints.

Units not attracting a sufficient number of registrations may be withdrawn without notice.

It should be noted that all the information in the description above applies to study-units available during the academic year 2022/3. It may be subject to change in subsequent years.