

- Faculté des sciences économiques
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## Political Economy (5ER2019)

Filières concernées	Nombre d'heures	Validation	Crédits ECTS
<b>Master en sciences économiques, orientation politique économique</b>	<b>Cours: 2 ph</b>	<b>écrit: 2 h</b>	<b>3</b>

ph=période hebdomadaire, pg=période globale, j=jour, dj=demi-jour, h=heure, min=minute

### Période d'enseignement:

- Semestre Automne

### Equipe enseignante:

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### Objectifs:

This course introduces students to the new political economy. Traditional economic analysis focuses on the optimal use of scarce resources. Once the optimal policy is computed, it is implicitly assumed that this optimal policy will be implemented. Political economy aims to explain why actual policies often depart, sometimes substantially, from optimal policies. At the heart of political economy lies a heterogeneity of interests between social groups. Such heterogeneity means that the political process  $\zeta$  through which collective choices are made  $\zeta$  will affect equilibrium economic policies. In a nutshell, therefore, political economy studies how politics affect the choice of economic policies in a society.

### Contenu:

The lectures will start with an overview of the field of political economy and in particular, some discussion of heterogeneous interests. The course will then consist of two parts: basic theory, and applications. Basic theoretical elements will mostly focus on decision-making mechanisms (majority rule, the median voter theorem, representative democracy, etc.) and on the time-inconsistency problem. We will also review the literature on solutions to the time-inconsistency problem. Several applications will then be covered, including elections and political business cycles; economic reforms and crises; international policy coordination; sovereign borrowing; and government debt and deficits. References to the empirical literature will be made along the course.

### Forme de l'évaluation:

two-hour written exam.  
Second try : two-hour written exam.

### Documentation:

Drazen, Allan, Political Economy in Macroeconomics, Princeton University Press, 2000.

### Forme de l'enseignement:

Lectures: Friday every two weeks, 10:00-12:00, 13:00-15:00, room C56