

Course Code: ECON-329

Title: Introduction to Political Economy

Credit Hours: 03

Course Objectives:

This course is designed to provide students with an introduction to the field of positive political economy. Positive political economy seeks to understand and explain policy outcomes and political behavior. The approach taken is an interdisciplinary one that utilizes tools and concepts from economics to study politics and political behavior. The course will presume that political actors are rational and goal oriented. Political outcomes are then explained by the interaction between these actors within the (institutional) constraints of their environment.

Learning Outcomes:

Students should be able to:

- Comprehend what is mean by political economy.
- Understand the basic tools to understand politics and political behaviour.

Course Contents:

The Economic Way of Thinking: An Introduction	What is political economy? For that matter, what is politics? What is economics? Why is it important to study the two fields together? What are the large debates that occupy the minds of political economists? The political economy of peanuts and Pintos, Contrasting approaches: rationality, culture and psychology, Beyond cash: Thinking in terms of costs, benefits, and resources, Who seeks rent?
Rational Choice: The Economics of Human (& Pirate) Behavior	What can economists teach political scientists, if anything? Is it possible to explain human behavior and complex political phenomena based on a few simple assumptions about how people calculate costs and benefits? Why vote? Why not? A market for those with heart (two kidneys, lungs and a liver), Organizing an anarchic society: the economics of pirate democracy, Hazardous morals.
The Economics of Collective Action	This section deals with one of the central themes in political economy: collective action. How do people come together to

	make group decisions regarding rules and regulations within society? By studying the creation of property rights in the anarchic West of the 1800s, we will get a better understanding of the solutions to collective action problems. Related issues will include the dilemma of the commons (a sub-species of collective action problems), principal-agent theory and the importance of transaction costs. Public goods, public bads, common pools, and exclusive clubs, Stampede: The dilemma of the commons, Can an invisible hand have a green thumb?
Voting and Elections	Downsian electoral Competition, median-voter equilibria, probabilistic voting, efficient and inefficient electoral competition, electoral accountability, Institutions and Their Impact, Bureaucracy, Delegation, and Principal Agent Theory
Topics in the Political Economy of Pakistan	The economics of patronage, Seven pillars of good governance, The political economy of reforms, Pakistan - Dynamics of Elitist Model, Strategies for self-preservation, A military theocracy, Different regimes, Economic development, Ethnic conflict, The role of state, Emerging economic and political issues and their linkages, Regionalism, Poverty, Governance.

Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	
Quizzes/Assignments	
Mid-Term Exam	
Final-Term Exam	

Recommended Books:

- Winter, H. 2005. Trade-Offs: An Introduction to Economic Reasoning and Social Issues. 2nd Edition. Chicago: University of Chicago Press. Winter provides a very accessible text that deals with policy issues from a cost-benefit perspective. There are no solutions, only trade-offs.
- Leeson, P. 2009. The Invisible Hook: The Hidden Economics of Pirates. Princeton: Princeton University Press. Aaargh! What could be more fun than reading about pirates?

- K. Shepsle and M. Bonchek, *Analyzing Politics: Rationality, Behavior, and Institutions* (W.W. Norton, 1997).
- W. Riker's *Liberalism Against Populism* (Waveland Press, 1988).

Additional Reading:

- Stiglitz, J. (2016). *The great divide*. Penguin
- Stiglitz, J. (2016). *Globalization and its discontents* (new ed.). Penguin
- Latest Research articles on political economy