



ECT1
ECONOMICS TRIPOS PART I

Friday 10 June 2022 1.30pm – 4.30pm

Paper 4

POLITICAL AND SOCIAL ASPECTS OF ECONOMICS

Answer **FOUR** questions only.

Answer all parts to the question.

Write your **blind grade number** (not your name) on the cover of each booklet.

Candidates are asked to note that there may be a reduction in marks for scripts with illegible handwriting.

If you identify an error in this paper, please alert the **Invigilator**, who will notify the **Examiner**. A **general** announcement will be made if the error is validated.

STATIONERY REQUIREMENTS

20 Page booklet x 2

Rough work pads

Tags

SPECIAL REQUIREMENTS TO BE SUPPLIED FOR THIS EXAMINATION

You may not start to read the questions printed on the subsequent pages of this question paper until instructed that you may do so by the Invigilator.

1. Critically assess the strengths and the limitations of the government-failure argument.
2. 'In the economic development of today's rich countries, the role of the state has been far more important than what is normally recognised.' Discuss.
3. 'The post-war agenda in British politics was determined by both the Conservative Party and the Labour Party at the end of World War 2.' Discuss.
4. To what extent did the New Labour government of Tony Blair deviate from the principal policies of Margaret Thatcher's Conservative government?
5. To what extent have the economic consequences of the sub-prime mortgage crisis and subsequent 'Great Recession' been continued and exacerbated in Britain by the COVID-19 crisis? How have these crises varied from the other main economic crises Britain has endured since World War 2?
6. (a) What are the key services which financial institutions provide?
(b) What is microcredit and is it successful in alleviating poverty in poor countries?
(c) What are the salient microeconomic features of rural credit markets in poor countries? Do these features explain why interest rates in the informal credit market are much higher than in the formal financial sector?
7. (a) What are political institutions and why do they matter for growth?
(b) Does the evidence suggest that democracies are better for economic growth than autocracies?
(c) In your view, which factor is more important for economic growth, political institutions or investments in human capital, and why?

END OF PAPER