

ECT1
ECONOMICS TRIPOS PART I

Thursday 11 June 2015 9:00-12:00

Paper 4

POLITICAL AND SOCIOLOGICAL ASPECTS OF ECONOMICS

Answer **FOUR** questions only.

Answer all parts to the question.

Each question carries equal weight.

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

Write legibly.

STATIONERY REQUIREMENTS

20 Page booklet x 1

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. Why has there been a worldwide increase of interest in statutory minimum wages? What are their limitations as policy instruments to reduce income inequality?
2. ‘The political conditions in Britain between 1945 and 1979 forced the Conservative and Labour parties to have similar policies.’ Discuss.
3. ‘The policies of the 1979 - 1990 British Conservative government and the manner of their implementation indicate that this government did not subscribe to the traditional beliefs of the Conservative Party.’ Discuss.
4. ‘New Labour had no choice but to create a new consensus in British politics based upon the free economy and the strong state.’ Discuss.
5. Is the EU’s single market a sufficient foundation for monetary union among its members? What other main features of the Eurozone are seen as key to its sustainability?
6.
 - (a) Outline a model in which investment in human capital affects economic growth.
 - (b) Assess whether investments in primary schooling actually increase income, particularly for developing countries.
 - (c) Assess whether policymakers should target the supply of education or school quality to improve educational outcomes in poor countries.
7.
 - (a) Define social capital.
 - (b) Discuss whether attitudinal or participation data are a better measure of social capital. Give examples to illustrate your argument.
 - (c) Does social capital increase economic growth?
8.
 - (a) What is income inequality? Outline two different measures of income inequality.
 - (b) How does income inequality affect the savings rate of an economy?
 - (c) Assess whether income inequality decreases with economic development.

END OF PAPER