

ECT1
ECONOMICS TRIPOS PART I

Thursday 15 June 2017 9:00-12:00

Paper 4

POLITICAL AND SOCIAL 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.

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 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. "The international differences in the pattern of state intervention suggest that there is more than one way of combining the market and the state." Discuss with reference to the (historical and/or contemporary) experiences of advanced capitalist economies.
2. Explain why the government failure approach argues for the 'de-politicisation' of the economy. What are the merits and the shortcomings of this argument?
3. "No system of economic governance in the European Union is sustainable without full fiscal union." Discuss.
4. To what extent was a new economic and foreign policy settlement established in post-World War II Britain?
5. "Margaret Thatcher's Conservative government transformed British politics, however Tony Blair's New Labour government added virtually nothing new, but largely continued Thatcher's policies." Discuss.
6. "The Great Recession of 2008, along with Britain's other major economic difficulties since 1945, required more than monetary and fiscal policies to resolve." Discuss.
7.
 - (a) How do political institutions affect economic development?
 - (b) What is the relationship between governance and growth?
 - (c) Do political institutions or human capital better explain why some countries are rich and others poor?
8.
 - (a) What is a public good? Suppose we overuse a pure public good, how does this create a collective action problem? Explain your answer using the example of any one public good.
 - (b) Explain how institutions may act as solutions to collective action problems. In this context, what is the Olson (1965) group-size paradox?
 - (c) How might ethnic diversity affect the government's provision of public goods?

END OF PAPER