

Part 1 Paper 4: Political & Social Aspects of Economics

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Paper Content

The paper examines the interaction between politics and economics in a series of related but discrete areas. It examines how economics and politics are ineluctably intertwined at a theoretical level; of how a full understanding of economics is only possible with an understanding of politics. It examines the relationship between the politics of British governments since 1945 and economic theory. It also examines the role of political & social institutions and their interrelationship with economics.

Aims

To provide awareness of the political and institutional processes with which economic activity interacts. The paper offers insights into political conceptions of economic processes. It provides background to current policy debates. It also complements the other Papers in Part I by locating an understanding of economic theory and economic history in the context of political constraints and determinants.

Objectives

By the end of this paper, participants should have an understanding of:

- the interactions between economic theory and political processes;
- the ways in which economics and politics are ineluctably intertwined;
- the history of policy-making in Britain since 1945;
- the role of political & social institutions in economic growth.

Lecture Courses

Governing Britain Since 1945 (N. Knight, 16 lectures, weeks 5-8, Michaelmas and 1-8, Lent Term)

The course provides an understanding of the political and economic governance of Britain since 1945. Particularly: the interaction of political policy and economic theory, the underlying philosophical debate, macro-economic policy, the sub-prime mortgage crisis, 'austerity' economic policy, the Covid-19 crisis, health, education, industrial, and foreign & defence policies.

Economics as a Political Subject (Dr H-J. Chang, 8 lectures, weeks 1-4, Michaelmas Term)

The course helps the students understand why the study of politics should be an integral part of the study of economics. First, it explores how politics and economics interact. Second, it reviews the diverse and changing role that the state has played in the economy from the 18th century to the present. Third, it examines various theories of state intervention, including theories of market failure and of government failure.

Political and Social Institutions (Dr S. Iyer, 8 lectures, weeks 1-8, Lent Term)

This course provides an overview of the role of political & social institutions in economic growth and development. The course will provide students with a basic knowledge of the key economic and policy issues. Students will learn that the study of political & social institutions is important to provide a framework within which to evaluate recent developments in economics and to provide a real-world point of reference for public policy.

Topics in Contemporary Political Economy (Lord Wilson and Lord Eatwell, 4 lectures, weeks 5-8, Lent Term)

The speakers have direct experience of policy formulation and will discuss aspects of contemporary economic policy making and the political processes underlying them. These lectures are background for the course and there will be no reading specified.

Recommended Reading

Acemoglu, D. and J. Robinson (2013). Why Nations Fail: The Origins of Power, Prosperity and Poverty. London: Profile Books.

Chang, H-J.(2014), Economics: The User's Guide. A Pelican Introduction.

Chang, H-J.(1994), The Political Economy of Industrial Policy. Palgrave Macmillan.

Faucher-King, F. and P. Le Gales (2010). The New Labour Experiment Change and Reform Under Blair and Brown. Stanford University Press.

Davies, H. (2010). The financial crisis: who is to blame? Cambridge: Polity Press.

Kavanagh, D. and Morris P. (1994), Consensus Politics from Attlee to Major. Oxford: Blackwell.

Landes, D. (1998). The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor. New York: W.W. Norton.

Marsh, D. and Rhodes, R.A.W. (1992), Implementing Thatcherite Policies: Audit of an Era. Buckingham: Open University Press.

North, D. (1990). Institutions, Institutional Change and Economic Performance. Cambridge: Cambridge University Press.

Stiglitz, J. et al. (1989), The Economic Role of the State. Oxford: Blackwell.

Stiglitz, J. and J. Rosengard (2015), Economics of the Public Sector. W W Norton.

Supervisions

Supervisions are organised by the Directors of Studies (DoS) in each College. The lecturers for this paper each provide suggested supervision topics. Their reading lists are circulated to each DoS.

Examination

For details of the examination structure, please refer to the Form and Conduct Notice pages on Moodle.

Sample Examination Questions

To what extent did Clement Attlee originate the post-World War 2 British political order?

‘Thatcherism transformed British politics, and New Labour had no choice but to create a new consensus in British politics based upon the free economy and the strong state.’ Discuss.

‘Economic crises have plagued Britain in the post-World War Two years and successive governments have failed to deal with them adequately.’ Discuss.

Discuss the ways in which power relationships shape the economy.

‘The presence of market failure does not justify government intervention.’ Discuss.

Is less state intervention better for the economy? Discuss with reference to empirical evidence.

How does the media increase political accountability and why does this matter for economic decisions? Discuss the case for and against greater regulation of the media.

How do political and legal institutions affect economic decisions? In this context, give an example of one political or legal institution which has, in your view, benefited economic development, and one which might have harmed it.