

ON THE CONVERGENCE OF ECONOMY AND POLITY: A REVIEW OF SOME THEORETICAL STUDIES

Wan Abdul Rahman Wan Abdul Latiff

All this knowledge about commodities and supply and demand is useful also for statesmen; for many cities are in greater need of money and of these sources of supply than a household. Hence we sometimes find that those who direct the affairs of a state make this their entire policy.

Aristotle, *The Politics*, Book I, Chapter II

INTRODUCTORY NOTES

The aim of this paper is not an attempt at an explicit model-building exercise but to present modest arguments of an explanatory and synthetic nature for the relevance of political factors in economic and development processes. In extension, the paper hopes to show that there exists interchangeable features which offer a certain degree of substitutability between the disciplines of politics and economics. In other words, one can speak of the existence of economic bases in politics and political bases in economics. A caveat is certainly needed for an effort of this type: that efforts to bridge disciplines certainly run the risk of encouraging dilettantism. Fully aware of the risk involved, the present paper is to be treated as exploratory in nature and at best it has to be seen as a first level approximation towards model-building.

The paper is basically divided into two parts. The first part will briefly deal with the changing nature of economic theory by stressing the importance of macro-economic theories which the writer takes as **having** closer usefulness to the present endeavour. And the second part of the **paper will** look at some of the attempts made so far to develop the so-called politico-economic models and to assess their applicabilities.

THE NATURE OF ECONOMIC THEORY

It is a truism, in a sense, to argue that theory, in general, reflects the changing conditions of human life and how man relates to the changing environment

around him. Keynesian economics, for instance, is very much a response to the Depression of the 1930's. Speaking specifically of economics as a discipline the 'environment' entails the notions of scarce resources and their alternative uses, the exchange system and the problem of choice.¹ The more detailed elaboration of this basic idea are theories deduced from the main economic activities of production, consumption and distribution. Keynesian economics, for example, stresses the consumption function, or specifically of how to raise the level of effective demand in solving a chronic unemployment problem. Development economic theories, among others, emphasize the importance of production-possibility frontiers of the less-developed countries.²

Economic theories are, in one respect, derivatives of the methodologies used. This is only proper since economics as the most 'developed' ('scientific') branch of the social sciences has relied heavily on methodological rigor for its precision. It is this that has contributed to its having a high degree of predictive power in comparison with others branches of the social sciences. In this regard, Boulding's (1968) analysis of the intellectual realm of economics as basically based on three methods or approaches is relevant for the purpose in question.

The first method is being termed as the *ceteris paribus* approach, an approach closely identified with Marshall. This approach, in one aspect, is 'a method of intellectual experiment, involving the isolation of single problem by the assumption that all variables other than those investigated are held constant' (ibid: 9). The second approach, an approach having close kinship ties with the physical sciences, uses the method of simultaneous equations. This approach is usually associated with the name of Leon Walras and the Lausanne School. This approach is based on the proposition that 'any system of n variables, each of which can be written as a function of all the others, yield n of these equations which may be capable of solution to yield values of the variables each of which is consistent with every other' (ibid.). The work of Leontieff of Harvard, for example, belongs to this category. The third method is a macro-economics approach, an approach largely associated with Keynes. Typical of this approach is the use of large aggregates of economic variables as the basic parameters of simplified models.

While the first approach, according to Boulding, is the victim of 'the fallacy of composition' in the sense that it is 'over-generalised', the Keynesian approach although having the versatility of combining 'the simplicity and fruitfulness of the Marshallian approach with the generality of the Walrasian' (ibid.) it is still subjected to 'the fallacy of aggregation'. Apart from the above 'fallacies' there is another 'fallacy' found in the macro-economic approach termed

'macroeconomics paradoxes' that deal with propositions relating to incongruencies between individual and societal experiences (ibid: 11).

The simplification of models and the extension of parameters are the two factors attributed by Boulding as having led to 'fallacies' in the approaches mentioned above, in particular the macro-economic approaches. To Boulding, aggregates like national income and the level of employment are all heterogeneous conglomerations, a feature which is dangerous to the 'more mathematical and less philosophical uses of the technique' - the danger that they might neglect the structure of the aggregates. While it is perhaps true to subject macro-economic approaches to some of the fallacies of aggregation, the model used, in the case of Keynes, is far from rudimentary (Stretton, 1969); and the concern for a broader social framework as in the case of aggregating national income is, to some extent, a concern for structure. In any case, it is certainly a concern for institutions which are, after all, the main ingredients of a structure. This domain or preoccupation of macro-economic approaches is important for our overall scheme of analysis. This is the area, if at all, which could serve as fertile ground for any effort to develop the so-called politico-economic models. This is also an area where Public Finance, Development Economics and Public Policy most probably find sustenance. To bring the point closer to home, let us briefly consider some of the theoretical underpinnings of the discipline of Public Finance as an illustration.

The emergence of Public Finance as a discipline is not a radical rupture from the main corpus of the prevailing economic theory. It is in fact a continuation from the Marshallian value economics through Pigou-welfare economics and down to the Keynesian.³ It is still within the competitive framework and in a sense it can be viewed as an elaboration of the same theme: an elaboration which stresses the need for greater state interference in the shaping of public policy. The advisory roles of economists (now that its professional stature is emphasised!) in the administration of the state are seen as important and perhaps inevitable (cf. Hicks, 1947: Preface). The concern is more specifically with governmental organisations and their role in economic development of the state. In general, it is inevitable for authors of Public Finance to refer to the general character of the state, for instance, by seeing the state as analogous to an employer and producer of goods and services (ibid.). As a professed concern for public welfare, Public Finance has to take political aspects - at the very least, implicitly - into consideration in the analysis. The dilemma, perhaps at the moral level, facing writers on Public Finance is then quite obvious particularly in works seminal in nature: the dilemma whether consciously to delineate the importance of political factors at the expense of losing one's own

identity as an economist. This dilemma is quite explicit in the case of Hicks (ibid). In one aspect she has made it very clear that :

For most problems it is convenient to draw the line short of the activity of public enterprise, that is to say of its price and output policy, for the simple reason that the policy of nationalised industry is determined primarily by *economic* not by *political* or social considerations. (ibid: 6 - emphases mine).

It is the economic consideration which is stressed since 'the problems which public enterprise have to solve are essentially those of firms and not those of governing bodies' (ibid). The firm-like character of public enterprise is claimed to be the dominant feature of Public Finance and hence when locating the content of Public Finance the emphasis is often laid on the 'examination and appraisal of the *methods* by which governing bodies provide for the collective satisfaction of wants' (ibid: emphasis mine).

The dilemma mentioned above is basically the dilemma of how clearly to demarcate the firm and governing bodies characters of public enterprise. Perhaps the distinction is only feasible at the conceptual level of analysis and more difficult to keep it separate at the practical level, a level of much concern to Public Finance. It is the very essential similarities between the firm and governing bodies character of public enterprise which led Hicks to be irresistibly drawn to emphasize the importance of political factors in the analysis of Public Finance. Thus it is quite natural and proper for authors such as Hicks to conclude that:

In view, however, of the control which the government exercises, not only over public corporations and other forms of trading service, but also over the privately-owned public utilities, *when we are concerned with the broader aspects of policy* - with questions of maximising national income and welfare, policy which must also be considered to fall within the sphere of wants collectively satisfied - it is necessary to take into account not only the activities of governing bodies but also of all organisations whose policy is subject to some degree of public control. (ibid: 7 - emphasis mine).

It is then imperative to integrate the economic (the firm) to that of the political (governing bodies) aspect in the analysis of Public Finance. To my mind, the

convergence is theoretically possible and sound. The theoretical concern for moulding the two aspects into a theoretical whole will be the subject of our later discussion. Suffice for us, at this stage, to say that regardless of the outcomes of theoretical mouldings there are features in Public Finance that share common ground.

The above discussion is aimed to show that within the province of Public Finance one is able to pinpoint supposed areas of convergence between economic and political factors. This is done in the light of Hick's (1947) treatment of what Public Finance is. To be sure, Hicks is primarily concerned with the *ministerial* roles of the state. It is also possible to look for points of convergence between economic and political factors in writings which treated states as having no ministerial but *supervisory* roles. It is to this perspective that we now turn to.

Mac Iver, a political scientist, in one of his earlier writings (Mac Iver, 1926), in discussing the relationship between political government and the economic order (ibid: 291-303) has resorted to explaining the supervisory nature of the state. The supervisory quality of the state is, at bottom, an expression of its associational genesis,⁴ arising, in Mac Iver's view, from the so-called 'eccentricity of political and economic power' where economic power is seen as more viable, protean and multi-centred as opposed to political power which is more stolid and centralised. Elaboration of this view have focused on the fact that political power is less enduring and more susceptible to corruption while the reverse is true for economic power. Mac Iver has also maintained that political changes take the form of sudden jumps whilst economic changes are gradual; and political values are constitutive in contrast to the regulative nature of economic values. In extension, the state is seen as a regulator and purveyor of social order primarily safeguarding common interest against constant challenges posed by economic power with its primary interest located in individual enterprise.

In sum, Mac Iver seems to argue that forces of political power are always in perpetual quest for equality as its base as opposed to economic power which creates and rests on inequality. With this kind of ideas as forming the basis for socio-political treatises, the supervisory roles of the state can then be clearly envisaged. Hence the formation of Boards and Commissions by the ruling authority, can be seen, as it was, as isolated political signposts in the rolling and rugged countryside of the economy. Arising from this basic idea one perhaps may want to argue for an explicit distinction between what is typically political and what is not in the decision-making process of economic development, particularly in relation to the roles of government

organisations. For observers like Moodie (1966), there should be a clear demarcation drawn between *planning* for development, a province mainly for administrators, and *strategy* for development, a preoccupation usually reserved for politicians. In this sense, plan and strategy have to be seen as organisationally distinct since the distinction can help to minimise whatever forms of conflicts that might arise in organisational relations. Even so, the author cannot help but conclude that 'strategy' 'may be thought of as comprising the most general aspects of economic theory' (ibid: 164).

The view that the state has supervisory roles is similarly shared by G.D.H. Cole through his writings on the relationship between political and economic theories (Cole, 1934). For him, it is the universal law of history that political laws *sanction* rather than *establish* economic relationships (ibid: 9 - emphasises mine). Even Kant's metaphysical conception of the State, in a way, is imbued with supervisory roles, though much of the political and economic activities as we know have taken place under the rubric of his Civil Society (ibid: 15-28).

From one perspective, it is then possible to conclude that whether one sees the role of the state as basically ministerial (as in the case with Hicks) or as primarily supervisory (as in the case of Mac Iver and Cole) there is a felt need that the two roles should have been integrated. To this effect, one could define ministerial functions as more bent towards economic functions and supervisory functions as more inclined to political functions

The need to go beyond the typically economic frontiers is a consequence of changing circumstances and willingness on the part of economists to transgress established beliefs by imposing new and arresting ideas on traditional corpus of economics (Mc Cormick, 1973). It is these endeavors which have led to the founding of disciplines such as Public Finance and Development Economics. In extension, it may be said that it is also an argument for the relevance of an interdisciplinary approach in the social sciences. In its more generalised form one could, I think, argue that macro-economic theories do possess some of the characteristics of a wider general system theory of society.⁵

Boulding (*op. cit.*), for one, has attempted to give a broader perspective to economic analysis. He sees the social system in general as consisting of realms of necessity, chance and freedom. The social system is also said to be the overarching framework for sub-systems such as population system, exchange system, threat system and learning system. What is more pertinent to our

immediate discussion is Boulding's conceptions of exchange and threat system which refer to economic and political systems respectively. The exchange system which is basic in economic system is said to be more productive than threat system - the basis of political system - simply because 'the exchange of goods encourages the production of goods, whereas the threat of ill discourages the production of goods' (ibid: 106). What Boulding has meant by productive is less clear and one is only led to conclude that the notion of productive encompasses at least two of his three realms which are basic to any social system - the realms of necessity and freedom.

Whatever other criticisms that could be labelled against Boulding and his General System Theory, our interest lies in his statement that in actual life there is always a mixing of exchange and threat systems. The mixing of the two is quite clear when the term consent (a political concept) is seen as having equal value to the notion of exchange (an economic concept); and the two are interchangeably linked to one another. As Boulding correctly puts it:

In part, and perhaps in the largest part, government is always by consent, that is, by exchange. We give up some of our personal income in taxation because we feel that the state does something for us in exchange. It gives us protection, identification, an enlarged personality, and other benefits and, in so far as it does this, the system may quite properly be regarded as a system of exchange. (p. 105)

From the various arguments set forth in the previous pages, and to conclude our discussion for this section, one could surmise that the mixing of economics and political science's theoretical frontiers is more explicit and discoverable within the framework of macro-economic theories particularly in relation to policy-oriented or policy-based disciplines such as Public Finance.

ASSESSMENT OF POLITICO-ECONOMIC MODELS

In general, economics as a discipline is based on either partial or general equilibrium models. The former is less aggregative and on short-term analyses, for example, analyses dealing with the behavior of firms or households. The latter models is more aggregative and centralised its attention on long-term analyses dealing with macro-economics and external economies in general. Even within the micro-economic sphere of analysis, when one is dealing with long-term behaviour of firms, the analysis is no longer

constricted within the environment of positivistic economics - one is stepping on the ground of normative economics (Kindleberger, 1970). It is within the confine of normative economics - that branch of economics which deals with the 'ought' rather than 'is' questions - that the substitutability of economic and political factors could be easily traced. This is so since 'almost every political question has an economic aspect, and once we move from the economic problems of Robinson Crusoe, almost every economic question has a political aspect' (ibid: 15). Many writers would agree that it is in the area of 'political economy', to be simply defined as 'the study of how the economy and the polity work in settling questions of public policy' (ibid) that the intermeshing of economic and political factors are most apparent.⁶

Richard Stone in his Presidential Address to the Royal Economic Society on 24th July 1980⁷ has quoted a few doom-ridden views by some on the state of political economy, views which see political economy as a dismal science. The misgivings have been expressed by well-known personalities such as Cairnes, Jevons and Senior. As a representative of the views, Stone has presented, at some length, the views of John Kells Ingram⁸ who has put forward four propositions with regard to the issue at hand. The propositions themselves indicate the failure of political economy to have an identification with other aspects of social existence, the innate proclivities of political economy to excessive abstraction, unreal simplification and absolutist laws. Ingram also has suggested that the *a priori*, the deductive method commonly found in political economy should be changed for the historical (Stone, 1980: 720). The common flavour of the doom-ridden views want to see political economy existing in the midst of the ensemble of the social sciences. Stone, in contrast, to the prophets of doom has painted a very optimistic picture of the kind of achievement so far attained by political economy throughout the years. In its wide coverage the discipline, far from ignoring it, has made use of the inductive-deductive approach and economic phenomena have been studied within their social context - the two main areas that have been singled out as the main weaknesses of political economy. Stone has grouped the expanding practitioners of the discipline into three main types: the speculative, the active and the inquisitive. Stone defined the respective groups as the following:

The speculative look at the machine and tries to interpret its workings from the signals it emits; the active do not like the way it appears to work, and devise improvements; the inquisitive try to take it to bits and see how it actually works. (ibid: 723).

For Stone, the speculative are those dealing with pure theory; the active can be found in the works of people like Keynes and Marx and the inquisitive are persons like himself who are interested in qualitative analysis. The move from static formulations (as represented by closed deterministic models) to one of dynamic analysis (as represented in a deterministic macro-dynamic system) is for Stone a qualitatively different move in economic analysis. He has mentioned work by Tinbergen as the first macro-dynamic model of a real economy. This new model is also a policy-loaded model. Works of this nature are later followed by Lawrence Klein and Irma and Frank Adelman. Stone also has recognised the missing links, as it were, in the macro-dynamic model: that of a 'procedure which would enable us to examine problems of control and optimisation' (ibid: 729) defining control as 'a method of setting policy instruments so as to hit targets' and optimisation as 'a formalisation of the policy-makers' views about targets and the trade-offs between them' (ibid). The control problem is simply a problem of introducing control mechanism into the model (macro-dynamic). The optimisation problem is more complex as it involves, among others, the finding of a form of function 'which not only does express preferences but are also manageable computationally' (ibid). It also needs 'an explicit and coherent statement about what preferences one is trying to represent' (ibid). While the first problem is purely technical (and hence not insurmountable) the second problem is political in nature and hence beyond the power of model-builders. It is with regard to this second problem, more institutional in character, that the contributions of political science will be of help.

Being a quantitative economist, Stone does not pay much attention to the method of overcoming the second problem. Bearing in mind that Stone is an econometrician, his work, of late, is to rid himself of the narrow and closed deterministic model-building to one of a more dynamic - social econometrics - can be seen as an attempt to build a politico-economic model.

Stone's preoccupation with social econometrics which mainly deals with socio-demographic accounting and model-building, a nascent development at that, suffers 'the inconsistency of the available data on human stocks and the total lack of data on human flows' (ibid: 731). The efforts done by Stone is an expression of a flat need even on the part of a quantitative economist to go beyond his own confinement.

If within the sphere of micro-economics attempts are made to postulate and correlate the discipline with the larger ensemble of social life, the need should be more pressing in the macro sector of the discipline of economics. At the outset, it should be borne in mind that the use of micro-economics (as is the

case with econometrics) as a model to establish a more dynamic model which incorporates exogenous variables, a process that might be seen as an attempt to establish a politico-economic model of some kind, has less usefulness or it is less capable of accommodating exogenous variables and other externalities. This is the very short-coming that is facing Stone and his social econometrics model. Following this, and by logical conclusion, one would say that politico-economic model which has its origin in the macro-economic sector should be more viable and responsive to non-economic factors and other externalities. These two main strands of assumptions will be the theme for the following discussion.

Of the many attempts to establish the discipline of political economy, one deserving our attention is that of Ilchman and Uphoff (1972). Based on the claim that political economy is essentially hybrid in nature, their approach is unavoidably synthetic. Basically their model is similar to an orthodox economic model, differing only in variables used and emphases sought. The variables are reflexive of the wider coverage of political economy framework which necessarily includes economics, social and political factors of production. The emphasis or the end sought is not *production* but *productivity* which is defined as representing 'capability over time to satisfy human needs and desires, not only materially with goods and services, but in other aspects as well' (ibid: 76-77).

In other words productivity is a plea for a humane economic growth, a growth primarily concerned with human welfare rather than with merely physical output. It is also a desire to see the process of growth as a qualitative and a generic one. In sum, the notions of production, allocation and productivity have to be regarded as referring to processes or features of economics, politics and political economy respectively. The difficulty of measuring productivity as a factor of economic, social and political production has led them to argue for an aggregate productivity which they see as analytically quantifiable and made possible through inductive and deductive reasoning. Inherent in their analysis is the traditional conception of welfare state and the distributional character of the state's apparatus in patterning and eliciting resource flows to the less endowed sections of the population. Also implicit in their analysis is a repeated recognition of the fact that political democracy is a pre-condition for economic democracy. Although economists by profession, they stressed the primacy of political factor to that of economics. This is done by providing authority, as a variable, to play a central roles in that authority is seen as specifically a political variable. This is not to dismiss the fact that 'to the extent that economic or social activities affect the acquisition or exercise of authority or are influenced by authority, they are also political' (ibid: 80).

Central to Ilchman's approach is his notion of 'aggregate optimality' which is culled from the following diagram (1972: 1):

	Optimal politically	Acceptable politically	Politically unacceptable
Economically optimal	A	(B)	C
Economically acceptable	(D)	E	F
Economically unacceptable	G	H	I

Key:

- (B) economist's choice
 (D) political scientist's choice

A

 political economist's choice

From the above diagram the choice A is said to be a political economist's choice, a choice of aggregate optimality which seeks to incorporate and evaluate both economic and political constraints and variables. Aggregate optimality is explained thus:

A Choice approximately A might be less desirable in economic terms than B, and less so in political terms than D, but the *total* benefit achieved would be greater than that from either of these other two choices (ibid - emphasis mine).

The basic model used by Ilchman and Uphoff is still that of exchange and choice, only the choice of variables used is widened to include all other non-economic variables in which the political variable is one.

Because of this 'optimizing in political economy terms it goes beyond "splitting the difference" between economic and political optima since it embraces the entire range of resources used in public exchange' (ibid: 4). It is

also a policy-oriented social science and policy is regarded as the test of theory (ibid: 6).

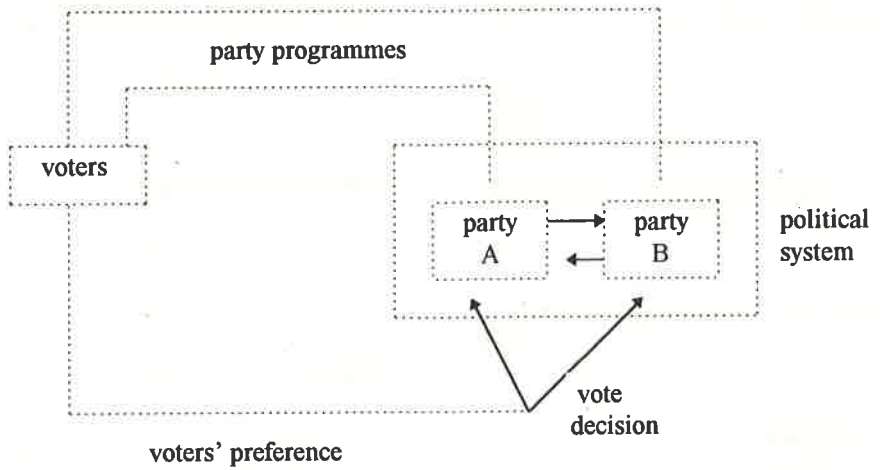
Understandably then approaches such as Ilchman's face the problem of measurement. How is one to measure productivity as defined by Ilchman? Ilchman's answer to this question seems to be grounded in the common sense approach to economic problems. For example, he sees infrastructure investment as 'a function of the magnitude of the estimated difference between costs and benefits and of their distribution within the population' (ibid: 482). Ilchman also subscribes to some sort of confidence levels in evaluating economic programmes or policies. He notes that :

One might reserve judgement on policies or programs that entailed uncertain or small margins of benefit or that had ambiguous consequences for the level and distribution of productive factors. (ibid: 483).

Perhaps the resort to confidence level as a yardstick is to bemoan the fact that reality and objectivity are not necessarily products of scientific rigour. Although Ilchman's model lacks sophistication its wider coverage of variables which include not only economics and politics but also social could be a very useful tool in our analysis of a developing polity and economy where the society is less sophisticated and the distinction of what is politics or economics is, at best, very hazy.

Alternative attempts at understanding political economy are sought by imputing a more scientific model with the help of econometrics. A case in point, which will serve as an illustration, is the effort by Frey (1978). He uses multiple regression analysis and simultaneous estimation techniques to dispute the traditionally held economists' conception of the primary role of the state, that is, to further its welfare function. Similarly Frey has come to the conclusion that expansionary economic measures adopted by the state are not for economic development per se but for the purpose of winning the next election. One such economic measure is said to be the creation of political business cycles. This brand of the argument maintains that the government, far from compensating economic fluctuation (as being traditionally upheld), is in actual fact, causing cycles of its own for political ends.

Frey's proposal for a total politico-economic models, termed politometric, is an effort at combining the economic theories of the neo-classical type and the unorthodox. This total politico-economic model, for Frey, is a development over the previously less total models (compare Fig. 1, 2 and 3):



**Figure 1 : Schematic Representation of the model of Party Competition
(after Frey, 1978, 125)**

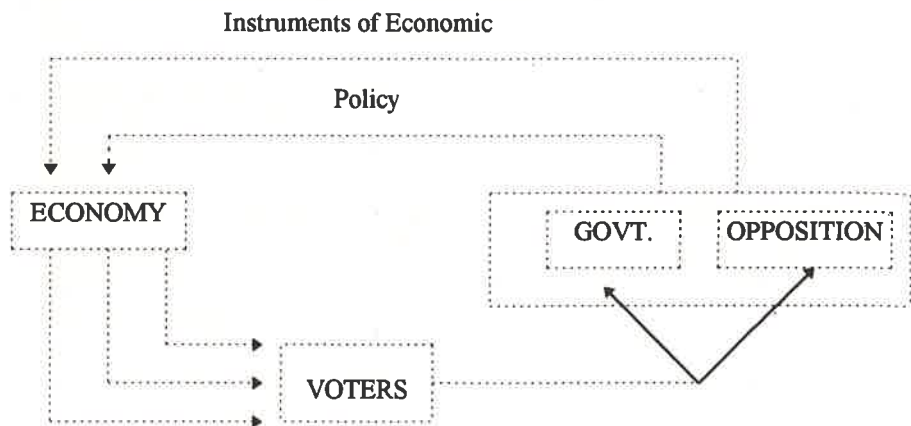


Figure 2: Schematic Representation of a Politico-Economic Model (after Frey, 1978, 126)

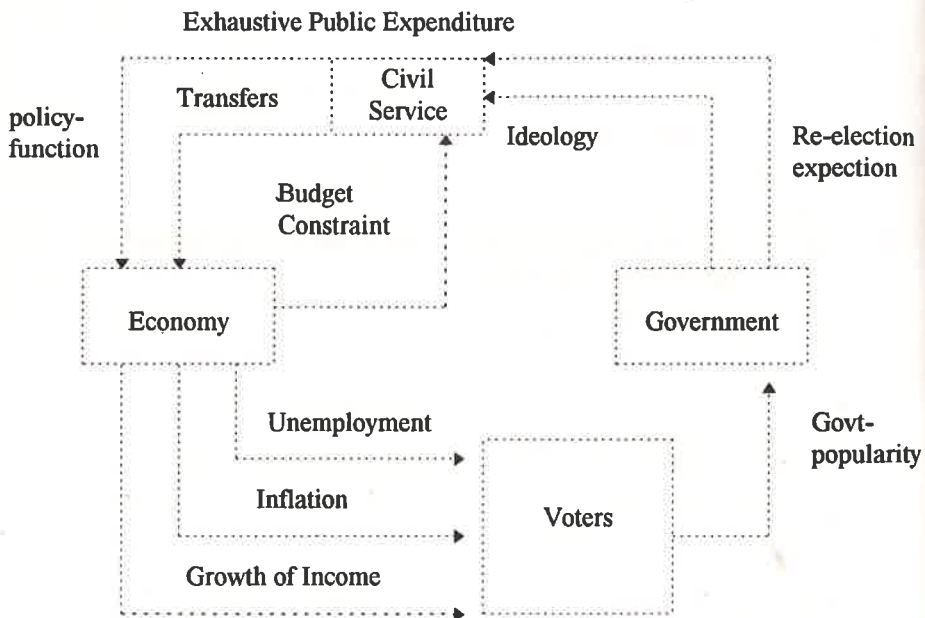


Figure 3: The Total Politico-Economic Model (Frey, 1978, 144)

A few remarks on the three figures presented above are in order. Figure 1 is a party competition model. Three criticisms are made by Frey against the model. First, the model does not make explicit the relationship between economic and political factors. Second, voters have assumed that the programmes put forward by political parties are good; and thirdly, the model is not dynamic and less so, evolutionary. As for Figure 2, the model which is one of near completeness has the following characteristics: it stresses the interdependence of economic and political sectors; party competition is less important; the government is at the centre of political action; and the government is always on guard against being thrown out by an opposition. With respect to Figure 3, the total politico-economic model used by Frey - the following characteristics of the mode are attributed:

- a) that the government who pursues expansionary policies is motivated solely by re-election prospect,
- b) that the government pursues its ideological function only when it is sure of winning the next election,
- c) that government controlled by right-wing supporters tends to spend less in public expenditure while the opposite is true if the government is ruled by leftist groups; and
- d) due to its autonomous position Civil Service acts as a constraint for the government.

The modern political economy that arises out of the total politico-economic model above is claimed to have the propensity for an in-built corrective mechanism, an aspect less explicit in models that do not take into account the mutual interdependence of political and economic factors. To this effects, Frey states that :

An economic and a social policy built upon the new political economy starts from the mutual interdependence of economy and polity and, therefore, *see less possibility of influencing the course of society by outside interference*. It can, however, apply its normative propositions more successfully because it works not *against* but *rather in the interest of* economic and political decision-makers (ibid: 162 - emphasis mine).

In general one could argue that the marriage of politics and economics can be seen as a marriage of convenience on unequal terms. The dominance of the adjective political over the noun economy has often been stressed which gives way to an explanation of the importance of outside interference in charting the course of society. A claim to this view frequently has looked at the dominant roles of structural and institutional factors have on the state's behaviour when making economic planning and policies.

In explaining the interplay of political and economic forces in development process an analysis which espoused to structural and institutional explanations is not in any way less valid in comparison to efforts at seeing the phenomenon from an inside and more sophisticated model-building point of view.⁹ To pursue our argument further, there is then a need for a politico-economic model of the Ilchman's variety which takes into account the interplay of institutional factors in development process. It is certainly less sophisticated in comparison to models of the Frey's type but levels of sophistication is not a direct function of the degrees of utility.

The need for an institutional-based model is particularly urgent in developing polities featured by mixed economies where externalities place a heavy strain on the utilisation and distribution of resources to be undertaken by the state. Furthermore, in a supply determined economy of most less-developed countries, economic policies, in the final analysis, are political decisions. To this end, one needs to pinpoint the importance of *explanatory* rather than purely *accounting* aspects of economics, an approach closer to the realm of political economy.

CONCLUDING REMARKS

In conclusion, the foregoing discussions can be briefly summarised into the following important general points. Firstly, that there is a need to see the roles of the state in the process of economic development as performing both its ministerial as well as supervisory functions. The ministerial function is seen more as the economic function of the state and the supervisory as its political function. Secondly, for any politico-economic model to be at all meaningful there is a need to go beyond the traditional boundaries of economics by taking into consideration the non-economic factors. The process of going beyond has to be seen as a necessary - though perhaps not a sufficient one - step to be taken; and finally, a model which finds its sustenance from macro-economic theories is more applicable to the shaping of political economy models in general and to the practical needs of developing societies in particular.

NOTES:

- ¹ Alternative uses of scarce resources, choice and exchange as the main ingredients of economics can be generally seen from the famous and much quoted definitions given to the discipline. Lionel Robbins, for example, defines economics as 'the science of human behaviour as a relationship between ends and scarce means which have alternative uses' (1932:15). The more recent view of Kenneth Boulding envisaged economics as the study of 'that part of the social system which is organised through exchange and deals with exchangeable' (1970:23). In my view Lionel Robbins definition of economics has an implicit 'political' content: it has to deal with that body of people who has to define the nature of 'ends' deemed appropriate for a given society in a given circumstance.
- ² It is to be maintained that 'distribution' aspect of economic activity partially has 'political' connotation; while the idea of 'redistribution' is mainly a 'political' activity.
- ³ To some, Keynesian economics represents a total break or a revolution in the field of economic theory. It is, however, essentially a continuation of past economic theories. In this connection, Stretton notes that: 'Work which was at first thought by many to attack classical theory is now understood (as the General Theory proposed) to complete and validate it; what was first feared by many as dangerous to capitalist liberties and inequalities is now accepted (as it asked to be) as an important aid both to securing those objects, and to bringing more of them into the range of free choice' (1969: 345).
- ⁴ The associational nature of the state is a premise first put forward by Aristotle.
- ⁵ General System Theory is basically a general theory of society which is said to be the most fundamental in the social sciences. It deals with the nature of order, pattern and inter-relationships in society which is goal-oriented. Boulding is one of its ardent converts.
- ⁶ Charles P. Kindleberger, (1970:15) argues that: 'At the time of Adam Smith, economics and political science were both parts of moral philosophy. First economics and then political science moved away from philosophy to deal with description, analysis, and ultimately measurement.

But they remain joined to each other, if not to philosophy, in political economy'.

7 The speech is printed in *The Economic Journal*, December, 1980 titled "Political Economy, Economics and Beyond".

8 John Kells Ingram is sometime a Regius Professor of Greek at Cambridge and the author of *History of Political Economy* (1988).

9 Frey's model is a model catered for the developed countries in that the data used were from United States, United Kingdom and Europe. There is a strong case for arguing that Frey's model is less suited to the less-developed countries. Consider only one of his assumptions which states something about the autonomous position of the Civil Service acting as a constraint (administratively) for the government. It is a well-known fact that in the less-developed countries the politicisation of the bureaucracy is something of a natural occurrence.

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