

---

# Politics Is An Anathema To Economic Rationality, It Should Be Purged From The Process Of Economic Policy-Making

A traditional view in economics takes a person's basic goal to be self-interest and takes rationality to be the promotion of self-interest. Rational behavior refers to a decision-making process that is based on making choices that result in the optimal level of utility for an individual. In this essay, I will identify some of the failures of the political system in regards to economic decision making and blah, ultimately reaching a decision as to whether or not politics undermines economic rationality and should be purged from the process of economic policy-making. Discuss whether in principle, The idea that politics distorts the rationality of the economic system id one commonly held by Neoliberals.

Many argue that a well-functioning market economy is impossible without a well-functioning state. (Evidence from the US Industrial revolution and the development of East Asian countries supports the notion that all successful developmental efforts involved substantial state intervention. Welfare economists assumption which was destroyed by public choice. Neo-liberal economists argue for minimal state intervention in the free market Drawbacks of politics – bureaucratic allocations of government contracts, political pressures – end result of policy is rarely what was initially envisaged by economists and technocrats. How can politics be purged from economic policy making when it is often thought that politics and economics are inseperable. Economics is inherently political. It is often thought that market failure provides a rationale for government intervention. However, government intervention in markets can often lead to government failure. Some argue that this could potentially be worse than the market failure the government attempted to fix Argued by Krueger that which one is worse is an unanswerable question 'free rider problem and public good' – However this notion is challenged by Public choice scholars accept that there may be a need for government action but believes that there should be a certain aspect of realism there is a need to acknowledge that politicians may be acting in their own self-interest.

I agree with the likes of James Buchanan (1987) that it would be more realistic to assume that individual actors within the public sector are as concerned with their self-interest as those in the private sector. However, other studies argue that people do not operate with the same degree of selfishness in the public domain as in the private domain. It is important to consider the effects politics has had on economic policy in practice, not just in theory. To illustrate, we often see politicians increasing funds into popular spending programs coming up to the election in order to garner favour with their constituents. Many decisions that would have immense effect on the economy are rooted in politics. Brexit – anti immigration for example Rent seeking and its

---

## Need help with the assignment?

Our professionals are ready to assist with any writing!

**GET HELP**

---

effects – distorts public decisions, and in turn distorts markets and reduces competition.

In order not to limit the scope of the debate, I believe that it is imperative to briefly consider what such a purge could look like in developing countries and whether or not politics is a bigger anathema in certain countries than others?

Political policies can have less than satisfactory consequences on the economy as outlined above. One must also remember that economic policies can also have unintended political consequences such as .... According to Acemoglu & Robinson (2013), it is not sufficient to just focus on the economic cost and benefits when making policy decisions. Explore what the world will look like in developing and developed countries, capitalist and communist economies. Corruption tends to be more rampant in developing countries. But what are the alternatives? Public choice suggests qualified majority voting and alternative vote.

The assumption of the rational economic man is just that, an assumption. Many believe that economic policies can never ever be truly rational because they are made by human beings whom all have a vested interest.

Conclusion

Many economic issues are inherently political because they lend themselves to different opinions. One can observe the effects of these in a number of ways.

---

**Need help with the assignment?**

Our professionals are ready to assist with any writing!

**GET HELP**