



**Boston University Study Abroad
London**

**Boston University Study Abroad London
Economic Policy – A British Perspective
CAS EC 364 A (*Core course*)
Spring 2016**

Instructor Information

A. Name	Professor Parvin Alizadeh
B. Day and Time	Wednesdays and Thursdays (1.15-5.15pm).
C. Location	Prince Consort, 43 Harrington Gardens, SW7 4JU
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F. Office hours	By appointment

Overview

Since the 1980s successive UK governments have legislated and implemented a series of market-oriented reforms designed to stop the long-term economic decline in the United Kingdom relative to her major trading partners in other industrialized countries.

This course provides a microeconomic analysis of these reforms with a focus on aspects of privatization, deregulation of the labour market, trade performance, the UK relationship with the EU, and the current crisis in the Euro zone. The economic analysis includes comparisons, where appropriate, with other European Union economies and the United States. The course examines the roles of the market and government in determining policy outcomes. The level of microeconomics in the course is intermediate and assumes you have completed an introductory one or two semester course in microeconomics.

On completion of the course, you should be able to integrate analytical and descriptive material to aid your understanding of the nature and causes of some key contemporary problems in modern advanced economies. In addition you will be familiar with the microeconomic policies used within the UK and have some knowledge of relevant source material.

Teaching Strategy

The course will be taught by the selective use of lectures and seminars. Lectures will identify the main points of each topic and provide an explanation of, and comment on the relevant analytical material. Seminars require you to have read the recommended material, enabling you to participate fully in class discussion.

Assignments and Grading

You are required to submit one 1500 word paper (40% of the total marks) and complete a two-hour, three-question examination (40% of the total marks). In addition to these two written pieces of work you are all expected to make a class presentation (20% of the total mark).

For the paper you will be offered a choice of questions, with associated reading. The paper must be submitted by **Thursday 11 February**. For the class presentation you will be also offered a choice of topics.

The final examination will be held on **Monday 15 February**. Exam times and locations will be posted on the BU London website and in the Student Newsletter two weeks before exam dates.

Grading

Please refer to the Academic Handbook for detailed grading criteria and policies on plagiarism:
<http://www.bu.edu/london/current-semester>

** Final Grades are subject to deductions by the Academic Affairs Office due to unauthorised absences.*

Attendance

Classes

All Boston University London Programme students are expected to attend each and every class session, seminar, and field trip in order to fulfill the required course contact hours and receive course credit. Any student that has been absent from two class sessions (whether authorised or unauthorised) will need to meet with the Directors to discuss their continued participation on the programme. This may result in the student having to take a medical leave of absence from the programme or withdraw from the programme.

Authorised Absence:

Students who expect to be absent from any class should notify a member of Academic Affairs and complete an Authorized Absence Approval Form 10 working days in advance of the class date (except in the case of absence due to illness for more than one day. In this situation students should submit the Authorised Absence Approval Form with the required doctor's note as soon as possible). **Please note: Submitting an Authorised Absence Approval Form does not guarantee an authorised absence**

Students may apply for an authorised absence only under the following circumstances:

- Illness (first day of sickness): If a student is too ill to attend class, the student must phone the BU London Student Affairs Office (who will in turn contact the student's lecturer).
- Illness (multiple days): If a student is missing more than one class day due to illness, the student must call into to the BU London Student Affairs Office each day the student is ill. Students must also provide the Student Affairs office with a completed Authorised Absence Approval Form and sick note from a local doctor excusing their absence from class.
- Important placement event that clashes with a class (verified by internship supervisor)
- Special circumstances which have been approved by the Directors (see note below).

The Directors will only in the most extreme cases allow students to leave the programme early or for a significant break.

Unauthorised Absence:

Any student to miss a class due to an unauthorised absence will receive a **4% grade penalty** to their final grade for the course whose class was missed. This grade penalty will be applied by the Academic Affairs office to the final grade at the end of the course. As stated above, any student that has missed two classes will need to meet with the Directors to discuss their participation on the programme as excessive absences may result in a 'Fail' in the class and therefore expulsion from the programme.

Lateness

Students arriving more than 15 minutes after the posted class start time will be marked as late. Any student with irregular class attendance (more than two late arrivals to class) will be required to meet with the Assistant Director of Academic Affairs and if the lateness continues, may have his/her final grade penalised.

Teaching Schedule and Readings

Thursday 14 January

Lecture 1 Deindustrialisation and Structural Changes in the UK Economy

Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 1 Changes in the Economic Structure.

Crafts, Nicholas (1998). 'Forging Ahead and Falling Behind: The Rise and Relative Decline of the First Industrial Nation', *Journal of Economic Perspectives*, Vol. 12, No. 2, pp. 193-210.

Alford, Bernard (1997). 'De-industrialisation', *ReFRESH*, 25, Autumn, pp. 5-8) [\[Download\]](#)

Rowthorn, Robert and Ramana Ramaswamy (1999). 'Growth, Trade, and Deindustrialization', *IMF Staff Papers*, Vol. 46, No.1, pp 18-41 [\[Download\]](#)

Wednesday 20 January

Lecture 2 Britain's Relative Economic Decline 1950-1980

Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 1, Changes in the Economic Structure.

Nicholas Crafts (2011). 'British Relative Economic Decline Revisited', Working paper No. 42, Centre for Competitive Advantage in the Global Economy, University of Warwick, May. [\[Download\]](#)

Broadberry, Stephen and Nicholas Crafts (2003). 'UK Productivity Performance from 1950 to 1979: a Restatement of the Broadberry-Crafts View', *Economic History Review*, LVI, 4 (2003), pp. 718–735

Matthews, Derek (2007). 'The Performance of British Manufacturing in the Post-War Long Boom', *Business History*, XLIX, vol. 67, no.6, pp.763-779.

Thursday 21 January

Field trip: Morning (to be confirmed)

Lecture 3 British Economic Reform 1: Privatisation and Deregulation since the 1980s

Readings: Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 8, Privatization and deregulation.

Green, Richard and Jonathan Haskel (2004). 'The Role of Privatisation', in Card, David, Richard Blundell and Richard B. Freeman, (eds) (2004), *Seeking a Premier Economy, The Economic Effects of British Economic Reforms, 1980-2000*, Chapter 2, pp 63-108. [\[download\]](#)

Parker, David (2004). 'The UK's Privatisation Experiment: The Passage of Time Permits a Sober Assessment', CESifo Working Paper, No. 1126. [\[Download\]](#)

Meggison, William and Jeffrey Netter (2001). 'From State to Market: A Survey of Empirical Studies on Privatization', *Journal of Economic Literature*, Vol XXXIX, pp 321-389 [\[Download\]](#)

Wednesday 27 January

Lecture 4 British Economic Reform 2: Trade Unions and Other Reform

Readings: Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 14, Trade Unions Wages and Collective Bargaining.

Card, David, and Richard B. Freeman (2004). 'What Have Two Decades of British Economic Reform Delivered', pp. 9-62, in Card, David, Richard Blundell and Richard B. Freeman, (eds) (2004), *Seeking a Premier Economy, The Economic Effects of British Economic Reforms, 1980-2000*, Chapter 1, pp. 9-62. ([download](#))

Pencavel, John (2004). 'The Surprising Retreat of Union Britain', pp. 181-232, in Card, David, Richard Blundell and Richard B. Freeman, (eds) (2004), *Seeking a Premier Economy, The Economic Effects of British Economic Reforms, 1980-2000*, Chapter 5, pp. 181-232. ([download](#))

Van Ark, Bart, Mary O'Mahony and Marcel Timmer (2008). The Productivity Gap between Europe and the United States: Trends and Causes, *Journal of Economic Perspectives*, Vol. 22, No. 1, Winter 2008, pp. 25-44. ([Download](#))

Liadze, Iana and Martin Weale (2010). 'Economic Performance Under Labour', *National Institute Economic Review*, no. 212, R2-R14, April.

Besley, Tim, and John Van Reenen (eds) (2013). *Investing for Prosperity*, LSE Growth Commission Report. ([download](#))

Thursday 28 January

Lecture 5 UK Trade Performance, Regional Trading Blocs, and Protectionism

Readings: Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 25 Exchange rates and trade performance, pp. 526-534.

Readings: Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 26 Free trade, regional trading blocs and protectionism.

Rowthorn, Robert and Ken Coutts (2013). De-Industrialization and the Balance of Payments in Advanced Economies, UK Government Discussion Paper, October. ([Download](#))

Coutts, Ken, Andrew Glyn and Bob Rowthorn (2007). 'Structural change under New Labour', *Cambridge Journal of Economics*, vol. 31, no. 6, pp. 845-862.

Anderson, James, S. N. Durlauf and L. E. Blume. International Trade Theory, mimeo, forthcoming in, *The New Palgrave Dictionary of Economics*, Palgrave Macmillan, Boston College. ([Download](#))

Krugman, Paul and Maurice Obstfeld (2010). *International Economics: Theory and Policy*, Chapter 6 and Chapter 8, 9th edition.

Krugman, Paul (2009). 'The Increasing Returns Revolution in Trade and Geography', *American Economic Review*, vol. 99, no.3, pp 561-571.

Wednesday 3 February

Lecture 6 The UK and the EU (1)

Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 26-27, The European Union.

Baldwin, Charles and Charles Wyplosz (2012). *The Economics of European Integration*, Chapter 10, The European Monetary Union.

Thursday 4 February

Lecture 7 The UK and the EU (2)

Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 27, The European Union.

CBI (2013). 'The Benefits of EU Membership to British Business have Significantly Outweighed the Costs', in *Our Global Future: The Business Vision for a Reformed EU*, Chap 3, pp. 57-92, November. [\[Download\]](#)

Centre for European Reform (2014). 'The Economic Consequences of Leaving the EU', June. [\[Download\]](#)

Mansfield, Iain (2014). 'A Blueprint for Britain: Openness not Isolation', IEA Brexit Prize, Institute for Economic Affairs. [\[Download\]](#)

Kerr, Sari and William Kerr (2011). 'Economic Impacts of Immigration: A Survey', NBER Working Paper Series, Working Paper 16736, Cambridge, Mass. [\[Download\]](#)

David Metcalf (2012). Immigration and the UK Labour Market, *Centre for Economic Performance*, LSE. [\[Download\]](#)

Wednesday 10 February

Guest lecture series: The date might change

Lecture 8 The Euro: The Ins and the Outs

Griffiths, Alan and Stuart Wall (2012). *Applied Economics*, Chapter 27, The European Union .

Baldwin, Charles and Charles Wyplosz (2012). *The Economics of European Integration*, Chapter 10, The European Monetary Union.

Blanchard, Olivier (2007). 'Adjustment within the euro. The difficult case of Portugal', Portuguese Economic Journal, Vol. 6, pp1-21 [\[Download\]](#)

Mundell, Robert (1961). 'A Theory of Optimum Currency Areas', The American Economic Review, Vol. 51, No. 4, pp. 657-665. [\[Download\]](#)

* **Contingency Class Date: Friday 5th Feb** Students are obligated to keep this date free to attend class should any class dates need to be rescheduled.

** **Please note: students will have their first Internship Seminar meeting on 10th February**
Please see Internship Seminar Timetable for time and room.

Thursday 11 February

Lecture 9 Revision; Paper due.

Monday 15 February: Final Exam. Exam times and locations will be posted on the BU London website and in the Student Newsletter two weeks before exam dates.

*****All students must attend a mandatory drop-in session (to sign Internship Attendance Agreement and for any questions about placement, social programme, travel and academics) on 15th February in the Boston Room at 43 Harrington Gardens, SW7 4JU. Food will be served!**

Further Reading

Additional reading may be found on Blackboard: <http://learn.bu.edu>

Useful web sites include:

www.hm-treasury.gov.uk (UK Treasury)
<http://www.berr.gov.uk/> (Dept. for Business, Innovation and Skills)
www.dft.gov.uk/ (Dept. for Transport)
www.doh.gov.uk (Dept. of Health)
<http://www.dwp.gov.uk/> (Dept. for Work and Pensions)
www.london.gov.uk (Greater London Authority)
<http://www.bankofengland.co.uk/> (Bank of England)
www.europa.eu.int (European Union)
www.ifs.org.uk (Institute for Fiscal Studies)
www.ippr.org.uk (Institute for Public Policy Research)
<http://niesr.ac.uk/> (National Institute of Social and Economic Research)

It is recommended that you read, on a regular basis, the Financial Times, the business sections of the broadsheet/compact press and weekly publications such as the Economist.

Additional reading for classroom discussion and/or assignments – newspaper articles, journal articles – will be distributed and copies placed in the Library.

Terms and Conditions

Students must check their email and the weekly Student Newsletter for field trip updates and reminders, if any are to be included.

Students wanting further information and advice on any aspect of the course should email me or see me at the end of class on Wednesdays and Thursdays.