Overview

The UK and world economies have undergone profound change in the last 65 years concerning macro-economic management, exchange rate regimes, and foreign trade patterns and have been shocked by the re-emergence of deep recession and high levels of public debt in the past decade.

The course develops a contemporary macroeconomic model to provide an integrated view of macroeconomics which will help to understand major macroeconomic issues of the day. It will focus on the UK and also Europe, USA and the global economy as you cannot understand macro issues facing a country like Britain, a small open economy, without seeing the global macroeconomic context.

This course provides an analysis of contemporary UK macroeconomic issues with a focus on output, unemployment and inflation, macroeconomic policy in an open economy, central bank independence, the 2008 Financial Crisis and the role of monetary and fiscal policy as stabilisation tools, and the issue of high public debt. 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 the course is introductory/intermediate and assumes you have completed an introductory one or two semester course in macroeconomics, but the course may be studied by those new to economics.

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 macroeconomic problems in modern advanced economies. In addition you will be familiar with the macroeconomic policies used within the UK and have some knowledge of relevant source material. This module will enable you to:

- use macroeconomic models to analyse the impact of various economic shocks, including those that arise from government policy actions;
• produce coherent and well-argued critical explanations of and solutions for a wide variety of macroeconomic problems;
• apply macroeconomic analyses to the analysis of real-world economic problems in economies such as those of the UK, EU, and USA;
• identify the appropriate model to use to consider a particular macroeconomic problem or question and to consider the analysis critically.

Teaching Strategy
The course will be delivered using 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 including through the solution of macroeconomic theory and policy problems.

Assignments and Grading
You are required to: carry out a group presentation (10% of the total marks); submit one 2000 word paper (40% of the total marks) and complete a two hours examination (50% of the total marks).

The presentation consists of a 20 minutes group presentation of a relevant academic paper. Further details on the presentation and list of papers will be provided in the class.

For the paper you will be offered a choice of questions, with associated reading. Alternatively you can submit a macroeconomic report on a European country of your choice. We will work on the macroeconomic report during the term and further instruction will be provided in the class. The paper must be submitted by the final class on Thursday the 26th April 2018 at 6.00pm.

The final examination will be held on Thursday the 26th April 2018. 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 POLICIES

Important note for students on the Internship Programme:

The rules governing Internship Programme students’ UK visas are strict and require, as a condition of the student’s presence in the United Kingdom, that the student participates fully in all classes and in the placement. If a student does not attend classes or his/her placement as required the student will be considered to be in breach of the visa and can be deported. As the sponsor of our students’ visas, Boston University has the legal obligation to ensure that each student complies with visa requirements.

For that reason Boston University London Programmes requires full attendance in classes and placements. Any student who does not comply with this policy may be sent home from the program at the discretion of the programme directors, and will result in a forfeit of credit and
program costs for part or all of the semester.

**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.

**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). The Authorised Absence Approval Request Form is available from:
http://www.bu.edu/london/current-semester/

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 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 a 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.

**Religious Holidays**

Boston University’s Office of the University Registrar states:
‘The University, in scheduling classes on religious holidays and observances, intends that students observing those traditions be given ample opportunity to make up work. Faculty members who wish to observe religious holidays will arrange for another faculty member to meet their classes or for cancelled classes to be rescheduled.’
Special Accommodations
Each student will need to contact the Office of Disability Services to request accommodations for the semester they are abroad. Students are advised by BU-ODS not to expect the same accommodations as they receive on campus.

BU London can only uphold special accommodations if we have received the appropriate documentation from the BU-ODS. We cannot accept letters from other universities/centres.

All disabilities need to be known to the ODS in Boston if they are to be used as a reason for requiring a change in conditions, i.e. reduced internship hours or special accommodations for the internship schedule.

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 Associate Director for Academic Affairs and if the lateness continues, may have his/her final grade penalised.

Teaching Schedule and Readings

Key Text

Supplementary Texts


Download
Course Chronology

Monday 26th February
Lecture 1    **Historical Background and Contemporary Macro Issues**
Core Reading
Blanchard et al. *Macroeconomics A European Perspective*, Chapters 1-3

Supplementary Reading/Viewing
Snowdon & Vane: Modern Macroeconomics, Chapters 1-2

IMF (2016). July 2016 Updated World Economics Outlook
https://www.youtube.com/watch?v=fPS4De-yu88

Olivier Blanchard on the current macroeconomic outlook from April 2012

Download

Monday 5th March
Lecture 2    **The Keynesian IS-LM Model and Macroeconomic Policy**
Core Reading
Blanchard et al. *Macroeconomics A European Perspective*, Chapter 4 and Chapter 5

Supplementary Reading/Viewing
Snowdon & Vane: Modern Macroeconomics, Chapter 3

Video:

Monday 12th March
Lecture 3    **Open Economy Macroeconomics**
Core Reading
Blanchard, O. *Macroeconomics*, Chapters 17, 18, 19 and 20.

Supplementary Reading/Viewing

Monday 19th March

Lecture 4  The Medium Run: Unemployment and the Labour Market

Core Reading
Blanchard et al. *Macroeconomics A European Perspective*, Chapter 7 and 8

Supplementary Reading/Viewing
Snowdon & Vane: Modern Macroeconomics, Chapter 3


Monday 26th March

Lecture 5  Great Recessions in Emerging Economies (Guest Speaker: Dr. Eugene Nivorozkin, UCL)

Core Reading


https://openknowledge.worldbank.org/bitstream/handle/10986/4154/WPS4943.pdf?sequence=1


Monday 9th April

Lecture 6  Practical Session with Macroeconomic Data

We will carry out a structured empirical exercise using real macroeconomic data. Bring your laptop!! Your task is to produce a short macroeconomic report on a European country of interest. Such a report can be submitted as your final assignment. Further instructions will be provided in the class.
Monday 16th April
Lecture 8  **Policy Analysis in the Short and Medium Run: The AS-AD Model**
Core Reading
Blanchard et al. *Macroeconomics A European Perspective*, Chapter 9

Supplementary Reading/Viewing
Snowdon & Vane: Modern Macroeconomics, Chapter 7

Tuesday 17th April
Lecture 8  **The Long Run: Economic Growth**
Core Reading
Blanchard et al. *Macroeconomics A European Perspective*, Chapter 10, 11 and 12

Monday 23rd April
Lecture 9  **Field trip to the Bank of England**

Tuesday 24th April
Lecture 10  **Revision.**

*Contingency Class Date: Wednesday the 25th of April* Students are obligated to keep this date free to attend class should any class dates need to be rescheduled.

**Thursday 26th April: Final Exam.** Exam times and locations will be posted on the BU London website and in the Student Newsletter two weeks before exam dates.

**Further Reading**

Useful web sites include:

- UK Treasury [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)
- Bank of England [http://www.bankofengland.co.uk/](http://www.bankofengland.co.uk/)
- The Institute for Fiscal Studies (IFS) [http://www ifs.org.uk/](http://www ifs.org.uk/)
- National Institute of Social and Economic Research [http://niesr.ac.uk/](http://niesr.ac.uk/)
- European Union [www.europa.eu.int](http://www.europa.eu.int)
- Institute for Public Policy Research [www.ippr.org.uk](http://www.ippr.org.uk)
- International Monetary Fund (IMF) [http://www.imf.org/external/index.htm](http://www.imf.org/external/index.htm)

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.
Useful Websites:
Blogs of some leading international macroeconomists are:

Gregory Mankiw:
http://gregmankiw.blogspot.co.uk/

Paul Krugman:
http://krugman.blogs.nytimes.com/

John Taylor:
http://johnbtaylorsblog.blogspot.com/

Terms and Conditions
Students must check their email and the weekly Student Newsletter.
Students wanting further information and advice on any aspect of the course should email me or see me at the end of classes.