



**Boston University Study Abroad
London**

**Boston University Study Abroad London
Economic Policy – A British Perspective
CAS EC 364 (*Core course*)
Spring 2018**

Instructor Information

A. Name	Dr Parvin Alizadeh
B. Day and Time	Wednesdays and Thursdays (1.15-5.15pm).
C. BU Telephone	
D. Email	
E. 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, the crisis in the Euro zone and Brexit. 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 essay (40% of the total marks) in session 8, February 8th and complete a two-hour, three-question examination (40% of the total marks) at the end of the course. In addition to these two pieces of work you are expected to make a group class presentation (20% of the total marks).

For the essay, you will be offered a choice of questions, with associated reading. The paper must be submitted by **Thursday 8 February**. For the class presentation, you will be also offered a choice of topics.

The final examination will be held on **Monday 19 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.

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 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 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

Thursday 18 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 24 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.

Baily, Martin and Barry P. Bosworth (2014). 'US Manufacturing: Understanding Its Past and Its Potential Future', *Journal of Economic Perspectives*, vol. 28, no.1, Winter.

Amsden, Alice H (2001). *The Rise of The Rest*, Oxford University press, pp.39-40, 82-85

Crafts, Nicholas (2002). *Productivity Growth in the Industrial Revolution: A New Growth Accounting Perspective*, Federal Reserve Bank of San Francisco, Economic Research, Mimeo. <http://www.frbsf.org/economic-research/files/crafts.pdf>

Mokyr, Joel (1999). *The Second Industrial Revolution, 1870-1914*. In Valerio Castronovo, ed., *Storia dell'economia Mondiale*. Rome: Laterza publishing, 1999, pp.219-245. https://en-econ.tau.ac.il/sites/economy_en.tau.ac.il/files/media_server/Economics/PDF/Mini%20courses/castronovo.pdf

Wright, Gavin (1990). 'The Origin of American Industrial Success', *American Economic Review*, vol.80, issue 4, pp651-668.

Thursday 25 January

Lecture 3 Field trip (Canary Wharf) in the morning (t.b.c.)

Lecture 4 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 31 January

Lecture 5 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](#))

Crafts, Nicholas (2006). 'Regulation and Productivity Performance', *Oxford Review of Economic Policy*, vol.22. no.2.

Competition and Markets Authority (2015). *Productivity and Competition: A Summary of the Evidence*. CMA Report, London. ([PDF](#))

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. [\[download\]](#)

Dustmann, Christian, Bernd Fitzenberger, Uta Schönberg, and Alexandra Spitz-Oener (2014). 'From Sick Man of Europe to Economic Superstar: Germany's Resurgent Economy',

Journal of Economic Perspectives, vol.28, no.1, pp 167-188, Winter.

http://www.ucl.ac.uk/~uctpb21/Cpapers/jep_germany_competitiveness.pdf

Economist (2017). Online Briefing: The German Economy Vorsprung durch Angst, July 8th.
<https://www.economist.com/news/briefing/21724801-germany-admired-its-stability-derided-persistent-trade-surpluses-good-and-bad>

Thursday 1 February

Lecture 6 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 7 February

Lecture 7 The UK and the EU (1): THE FORMATION OF THE SINGLE MARKET

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 1, History.

Thursday 8 February

Essay due

Lecture 8 The UK and the EU (2): THE EUROPEAN MONETARY 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. [\[Download\]](#)

Krugman, Paul (2013). 'Revenge of the Optimum Currency', NBER Macroeconomics Annual, vol.27, editors: Daron Acemoglu, Jonathan Parker, and Michael Woodford, University of Chicago Press [\(PDF\)](#)

Friday 9 February, Contingency class day

Wednesday 14 February

Guest speaker: Professor Alasdair Smith, "Evolution of Brexit".

Lecture 9 The UK and the EU (3): Brexit

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. [\[Download\]](#)

Dhingra, Swati and Thomas Sampson (2016). 'Life after BREXIT: What are the UK's Options Outside the European Union?', Centre for Economic Performance, Feb. [\[Download\]](#)

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

Crafts, Nicholas (2016). The Growth Effects of EU Membership for the UK: Review of the Evidence, Social Market Foundation, Global Perspectives Series: Paper 7, April 2016 [\(PDF\)](#)

Van Reenen, John (2016) Brexit's Long-Run Effects on the U.K. Economy, Bookings Papers Conference, Fall. [\(PDF\)](#)

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

Dhingra, Swati, Gianmarco Ottaviano, John Van Reenen and Jonathan Wadsworth (2016), Brexit and the Impact of Immigration on the UK. [cep.lse.ac.uk/pubs/download/brexit05.pdf]

Dhingra, Swati et al. (2016), 'The Impact of Brexit on Foreign Investment in the UK' Centre for Economic Performance, April. [cep.lse.ac.uk/pubs/download/brexit03.pdf]

Dhingra, Swati, Gianmarco Ottaviano, Thomas Sampson and John Van Reenen (2016), 'The Consequences of Brexit for UK Trade and Living Standards', Centre for Economic Performance, LSE, March. [cep.lse.ac.uk/pubs/download/brexit02.pdf]

Thursday 15 February

Lecture 10 Revision

Monday 19 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.

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.

Dr Parvin Alizadeh
December 2017