



**Boston University British Programmes**  
**CAS EC 360**  
**British Macroeconomic Policy**  
**Professor Nigel Knight**  
**Elective B**

### **Overview**

The UK and world economies have undergone profound change in the last 60 years concerning macro-economic management, exchange rate regimes, foreign trade patterns and the emergence of environmental issues. The course provides an exposition of the paradigm shift from Keynesian demand management to monetarist and supply-side policies. The Bretton Woods adjustable peg exchange rate system, the European 'Snake', the European Monetary System and the European single currency the Euro. Overseas aid and environmental economics are also considered.

### **Teaching strategy**

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

### **Indicative Bibliography**

N. Knight, Governing Britain since 1945

N. Knight, The IS-LM Model

S. Fischer & R. Dornbusch, Macroeconomics

M. Perlman, Macroeconomics

P. Curwen, Understanding the UK Economy

A. Shapiro, Multinational Financial Management

N. Knight, LDCs & Aid: UK Aid Policy (with special comparison to Germany)

D. Pearce et al, Blueprint for a Green Economy

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

### **Assignments and Grading**

You are required: (i) to submit one 1500 word paper, which constitutes 40% of the total marks, (ii) present a 10 minute paper to the class, which constitutes

20% of the total marks, and (iii) complete a two hour examination which constitutes 40% of the total marks.

(i) The paper should be submitted on the day of the final exam at the latest.

(ii) The presentation should be on any topic of your choosing within the scope of the course (which can be the same topic as your essay).

(ii) In the examination you will be required to answer two questions drawn from a list of six; the exam schedule will be exhibited in the entrance hall.

Where appropriate, performance in class and attendance will be taken into account in determining the overall mark for the course. Grading will be in accordance with the standards set down by Boston University.

### **Teaching Schedule**

**Lecture 1.**     Historical background and introduction to Keynesian economic theory.

The background history of macroeconomic theory and policy since the Second World War with reference to the USA and Europe but particular reference to the UK.

READING: N. Knight, Governing Britain since 1945 (Chapter 5), S. Fischer & R. Dornbusch, Macroeconomics

**Lecture 2.**     Macro-economic tools for policy analysis 1

A geometric exposition of the IS-LM framework.

READING: N. Knight The IS-LM Model. S. Fischer & R. Dornbusch, Macroeconomics. M. Perlman Macroeconomics

**Lecture 3.**     Macro-economic tools for policy analysis 2

A geometric exposition of the AD-AS framework.

READING: S. Fischer & R. Dornbusch, Macroeconomics. M. Perlman Macroeconomics

**Lecture 4.**     Domestic Macro-economic policy 1945-1979

Keynesian demand management and government intervention in resource allocation decisions.

READING: N. Knight, Governing Britain since 1945 (Chapter 5), S. Fischer & R. Dornbusch, Macroeconomics

**Lecture 4.**     Domestic Macro-economic policy 1979-date

The Monetarist and supply-side revolution, the return to free market economics.

READING: N. Knight, Governing Britain since 1945 (Chapter 5), S. Fischer & R. Dornbusch, Macroeconomics

**Lecture 6.** International Macro-economic policy

The Bretton Woods system, the Snake, the European Monetary System and the Euro.

READING: N. Knight, Governing Britain since 1945 (Chapter 5), S. Fischer & R. Dornbusch, Macroeconomics. A. Shapiro, Multinational Financial Management

**Lecture 7.** Economic development - from Empire to Commonwealth

The UK's current relationship with its former colonies. Linkage to human rights and multi-party democracy. Debt rescheduling.

READING: N. Knight, Governing Britain since 1945 (Chapter 13), N. Knight, LDCs & Aid: UK Aid Policy (with special comparison to Germany)

**Lecture 8.** Environmental Economics

Does the UK have an environmental policy? The marginal calculus applied to environmental issues: internalising externalities.

READING: N. Knight, Governing Britain since 1945 (Chapter 13), D. Pearce et al, Blueprint for a Green Economy

**Lecture 9.** Paper presentations and revision

An opportunity for students to present their work and discuss it collectively.

## GRADING SYSTEM

The following Boston University table explains the grading system that is used by faculty members on Boston University's British Programmes.

<u>Grade</u>	<u>Honour Points</u>	<u>Usual%</u>	<u>Definition</u>
A	4.0	93-100	Excellent
A-	3.7	89-92	
B+	3.3	85-88	
B	3.0	81-84	Good
B-	2.7	77-80	
C+	2.3	73-76	
C	2.0	69-72	Satisfactory
C-	1.7	65-68	
D	1.0	60-64	Low pass
F	0.0	Unmarked	Fail

## **Grading Criteria**

**A** An exceptional grade that is only given to work that shows a consistent and outstanding level of insight and expression. This type of essay shows a rigorous and persuasive attention both to matters of detailed explication and to wider questions of evaluation. Crucially, this type of essay will also show real independence of thought expressed in fluent and well-written English.

**A-** A grade that is given to work that shows a commanding grasp of the central issues and also demonstrates an ability for close textual analysis combined with attention being paid to the larger implications of the analysis (whether this involves aesthetic, moral, political, or other considerations.) An appreciable degree of background reading and intelligent use of that reading is often shown at this level, and allowance is given here for the odd weak points and infelicities in phrasing

**B+, B, B-** This range of grades indicates descending levels of competence and thoroughness. On the whole, the B essay is less polished than the A essay, but a B+ essay will certainly still have to show commendably detailed stretches of analysis, a clear grasp of the central issues and some discussion of the implications of a student's close reading of any given text(s). Work within the B grades often shows evidence of reading in the secondary literature (critical commentaries and background reading) but also often shows an overdependence on such sources over and against making intelligent, critical and discrete use of that reading. The sharpening and exercising of your own critical responses is the target to aim for, and, whereas many essays in the B range show a good understanding of the ground gone over in class there is less evidence here of really independent analysis and appreciation. The difference between a B+, a straight B, and a B-, typically involves the frequency of spelling mistakes, awkwardness or solecisms in expression, or clumsiness in the exposition of your analysis or argumentation.

**C+, C, C-** These grades indicate unsatisfactory work. Such essays may suffer from being too vague and generalised or else being excessively narrow in coverage; they may be seriously marred by errors of fact or errors of interpretation; they may involve only a crude repetition of areas covered in class without any demonstration of real intellectual engagement with the issues. The differences between a C+, a straight C, and a C- reflect the various degrees of inadequacy of organisation and presentation. Essays that are riddled with errors in spelling, punctuation and syntax, or are chaotic in argument and exposition, will fall into the lowest range.

**D** A marginal pass can be given where some but not all the elements of the course have been completed satisfactorily.

**F** The failing grade indicates the work is seriously flawed in one or more ways:

\*Obvious lack of familiarity with the material

\*So poorly written as to defy understanding

\*So brief and insubstantial that it fails to properly address the subject

\*Material presented is not relevant to the assignment

\*Demonstrates evidence of plagiarism

### **Boston University's code of student responsibilities**

The value of any grade, credit, honour or degree received by a student presupposes that all work submitted by a student is his or her own. A student who uses or relies upon the work of others or who, except under conditions expressly permitted by the instructor, furnishes assistance to another student, violates the standards of the University. Students must insist upon academic honesty and integrity from their fellow students and must report promptly any case of alleged academic conduct. Failure to do so is a violation of this code.

Plagiarism can take many forms, including the reproduction of published material without acknowledgement, or representing work done by others as your own. This includes the increasingly common practice of purchasing and downloading work from Internet 'paper mills'. You should be extremely careful when submitting work for this course that all work is correctly sourced. Print outs of web sites that have been used in research may be required by the lecturer in cases of a grade dispute and all web site based reference material should be kept by the student until after the end of the semester.

### **Terms and Conditions**

***\*\*Attendance at all classes and visits is mandatory. Students missing lectures without a doctor's letter or authorisation from the Director or from the EUSA Placements' Team will automatically be docked a – or a + from their final grade. Persistent lateness will also be penalised in the final grade. A register of attendance will be taken at the beginning of each session and marks will be awarded for attendance. Absence can be conveyed either by advising a senior member of staff in the Academic Affairs Office with a request that the information be passed on to me; or by email prior to class. Leaving it to another class member to convey messages will not be acceptable. Appointments for interviews for internships should not conflict with attendance at classes.***

Any student who is unable to attend a class, or take part in an assignment because of religious reasons, must give notice in advance of class. He/she will be required to make up for time lost. In this situation arrangements must be made with another student for class notes to be shared. Written papers must be delivered before agreed deadline, failure to hand in the paper will result in deducted marks.

I will make some time available in each session for students to raise questions etc. Should students wish to discuss matters with me in person I will also be available during the break mid-lecture and at the end of class. Alternatively, please feel free to e-mail me with questions. If you have problems with the availability of reading materials (all of which should be in the library) please contact me either through the Academic Affairs Office or via e-mail.