



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

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Welcome to the Department of Economics at LSE

from the Head of Department, Professor Michele Piccione



Welcome to the Economics Review of 2012/13. This has been a significant year for the Economics Department, but also a challenging one. In January, we relocated from St Clements' Building to the old Land Registry building on the corner of Lincoln's Inn Fields, bringing the Department of Economics and its associated research centres together under one roof for the first time.

Also in January, the government announced that the LSE was to be one of 12 universities to have the prestigious title of Regius Professor bestowed upon it, with the creation of a new Regius Professor in Economics. The School nominated Nobel Laureate Professor Chris Pissarides for the title; coincidentally, Chris was also knighted in June in recognition of his services to economics.

A key development for our department has been the establishment of the new Centre for Macroeconomics which will bring together world class experts to carry out pioneering research on issues of central importance.

As usual, academic recruitment has taken up a great deal of time and energy but, as a result of the hard work of faculty and support staff, we have been privileged to have made several outstanding hires. In addition, under a new School scheme, I have been able to appoint two exceptionally capable colleagues – Professor Tim Besley and Professor Gilat Levy – as Deputy Heads for Research and for Teaching, respectively.

Lastly, I would like to take this opportunity to thank students and colleagues for their patience and cooperation during an extremely busy year and to wish them all the best for the year ahead.



The Bean Counter café in the newly renovated LSE 32 Lincoln's Inn Fields

Faculty Profile: Tim Besley

Two years ago, Tim Besley was appointed School Professor of Economics and Political Science at the LSE. The post of School Professor is a five year appointment which allows academics with a proven record in cross-disciplinary work to take time out from their departmental duties to work with the Director and Department on fostering interdisciplinary research and teaching across the School, to strengthen its intellectual life.

It is a role which seems particularly appropriate for Tim, who has spent much of his academic career working at the interesting juncture between economic theory and public policy, and has been described as “one of the leading economists involved in restoring the study of political economy to prominence in mainstream economics.”

The interplay between structure and flexibility, theory and application was what first attracted him to economics at the age of 16, when disappointing “O” level results drove him to find something new to study at “A” level. His teacher, Derek Jones, suggested he might enjoy economics, so he went to the small library at his school and checked out one of its two economics textbooks (a primer for first year undergraduates). He read it cover to cover, and says he felt something click. “It had rules like Latin poetry, but there was still room for freedom of thought,” he explains. “I was hooked.”

He did very well in his “A” levels, and – confidence restored – applied to read Politics, Philosophy and Economics (PPE) at Oxford. Unusually, he found his Oxford interview rather enjoyable, describing his performance as “precocious” and “almost cocky”, and ending up in a heated discussion with one of his interviewers over a point of economics which seemed really important at the time although he can no longer remember what it was.

The other interviewer, Paul Collier, was amused by his tenacity; he became first a mentor and then a lifelong friend. Like most students studying PPE, Tim chose to drop one subject at end

Tim Besley is School Professor of Economics and Political Science at the LSE, Visiting Professor at the Institute for International Economic Studies at Stockholm University, the Gluskin-Granovsky Fellow in the Institutions, Organizations and Growth programme at the Canadian Institute for Advanced Research (CIFAR), and Chairman of the Council of Management of the National Bureau of Economic and Social Research.

He is a Fellow of the Econometric Society, the British Academy, and the European Economic Association, and is also a foreign honorary member of the American Economic Association and of the American Academy of Arts and Sciences. In 2010 he served as the President of the European Economic Association, and he was elected Vice-President of the International Economics Association, 2011-14.

His research focuses on the policy issues surrounding development economics, public economics and political economy.

of his first year. He had already decided to continue with philosophy, which he enjoyed immensely, and Paul advised him against dropping economics – advice he heeded. He speaks warmly of his time at Oxford, and it must have suited him, because he was one of the most successful students of his cohort, winning three George-Webb Medley Prizes in four years. He worked hard, and in his spare time, supplemented his student grant by playing the violin as a musician-for-hire, playing with various orchestras throughout the year. When asked what he would have liked to have done if he had not become an economist, he admits (somewhat bashfully) that he would really have enjoyed being a professional musician.

Tim’s political views as an undergraduate were “slightly predictable”. It was the 1980s, and anti-Thatcherism was rife in the student body, and although he says he has never had a “tribal instinct” for politics, and now describes himself as “an economic, political and social liberal.” But he was not immune to the prevailing mood in student politics, opting to eat at McDonalds on the evening when Margaret Thatcher was invited to dine at All Souls. This boycott was something which he subsequently came to regret. He also recalls meeting a young William Hague and coming away from the encounter with the impression that the Tory party of the time represented “much that was wrong with the country”.

In reflecting upon what made him uncomfortable about Thatcher’s reforms, he was (and remains) heavily influenced by Amartya Sen who was in Oxford at the time. Sen was articulating a philosophy which put the flourishing of the human spirit at its centre, and this gave an important, but balanced, perspective on the role of personal liberty as a human value. “Thatcher was certainly aware of the benefits of individual freedom,” he says. “But there was an undertone of inhumanity in the way that her reforms were pursued even though many of them were needed at the time. And a number of the reforms were badly managed.” It was at this time that he began to think about ideas which he has only recently reached fruition in his recent work with Torsten Persson: that a strong state is needed to make a market economy work, but that strength comes from developing a framework of rules to promote cohesive policies.

At the end of his degree, he applied to both the one year MSc Economics at LSE and the two year MPhil Economics at Oxford. When LSE offered him a place, Paul Collier suggested he speak to a fellow Oxford alumnus, Brendan O’Leary, who was studying for his PhD at LSE, to find out if the School would suit him. They had lunch at the café on Lincoln’s Inn Fields, and to Tim’s surprise, Brendan spent the entire afternoon trying to persuade him to stay at Oxford. He found out later that Paul had called Brendan to ask him to talk Tim out of accepting the LSE offer. “I knew I didn’t have enough maths for the one year MSc at LSE,” he says, “so the decision to stay in Oxford wasn’t too difficult to make.” John Vickers, then a relatively junior fellow in Oxford, advised him to spend the first year of his MPhil concentrating on learning maths, which he did, before transferring to All Souls in the second year.

Although he was enjoying a very high living standard as a research student at All Souls (“I was living like a lord!”), he paints a depressing picture of academic life in the 1980s, when funding cuts led to many university posts being frozen, and talented academics from all disciplines were leaving the country in droves. “We lost an entire generation,” he says, “and we still haven’t really got over that.” It was these conditions that pushed him to accept the offer of a one-year stint as Visiting Assistant Professor of Public and International Affairs at the Woodrow Wilson School at Princeton as he approached the end of his PhD. He had been recommended for it by his supervisor Terence Gorman, who was a friend of Princeton’s Angus Deaton. Angus subsequently became both a friend and mentor to Tim. The offer was made over the phone; Tim didn’t know it at the time, but Angus was not actually calling from Princeton, but from downstairs in the porter’s lodge at All Souls, having been refused entry to the college! Tim accepted the offer, effectively increasing his wages six-fold from c. £3,000 p.a. at Oxford to the equivalent of £18,000 p.a. at Princeton.

At the end of his visit, Princeton offered him a full-time permanent position as Assistant Professor of Economics and International Affairs. When asked about his time at Princeton, he says he mainly remembers working “very, very hard” and relaxing by playing in the squash league. “It’s a very small town, there isn’t much to do... Every year I wondered if it was time to go home”.

He did come back to the UK during the summer of 1994 to do some work at the Institute for Fiscal Studies, and during his stay, John Hardman-Moore contacted him to ask if he would be interested in an offer from the LSE. He said he would, and it was agreed that he would return later in the year to visit the Department.

By December 1994, with very generous offers already in the pipeline from both UCL and the London Business School, the prospect of a return to the UK was now very real. “In December, the School put me in the Fielding Hotel in Covent Garden, and I spent a week meeting people like the Director, John Ashworth, and Kevin Roberts, the Head of the Economics Department, having lunch with faculty, but really just hanging around waiting for the LSE’s offer to materialise”. He was impressed but also very concerned by what he saw: “the School’s approach to hiring was amateurish and lackadaisical, the building (St Clements’) was falling apart, and there seemed to be few people around of my age,” he recalls, “but the Department had some very good people in it ... and something happened in that week, something I can’t put my finger on.”

Unfortunately, the School moved too slowly, and Tim, disappointed, left London before they had managed to put together an official offer. It took another two months before the School caught up with him, and Tim found himself sitting over a fax machine in Australia, watching as an official offer letter from the Director “came creeping out on that shiny fax paper you used to have.”

Tim’s experience highlights the importance of an active and committed approach to hiring by the School and the

Department. He credits subsequent Heads of Department for forcing through the changes needed to enable the Economics Department to compete with its rivals in the USA for the best hires, eg, by introducing more competitive salaries for economics faculty, and reforming the junior recruitment procedures. In addition, there were necessary and long-overdue improvements to the PhD programme. “We do ground-breaking work here,” he says, “but in order to sustain that, we need to hire the most interesting people and attract the best PhD students.”

Tim took up his position as Professor of Economics in the Department of Economics at LSE in 1995. He thrived here, becoming first the Deputy Chair of the Suntory-Toyota International Centres for Economics and Related Disciplines (STICERD) from 1997-2000, and taking over from Howard Glennerster as Director of STICERD in 2000, a post he went on to hold for 11 years. He was the 2005 winner of the Yrjö Jahnsson Award of the European Economics Association which is granted every other year to an economist aged under 45 who has made a significant contribution to economics in Europe. From September 2006 to August 2009, he served as an external member of the Bank of England Monetary Policy Committee. In 2010, he was



made a Commander of the British Empire in recognition of his services to economics.

Tim is a past co-editor of the *American Economic Review* – the first person to serve in this position not based at a US university – and continues to serve on the editorial boards of numerous journals. His own publication record is impressive, and includes seven monographs, c. 120 articles in books and peer-reviewed journals, and seven major research reports. He credits, above all, his co-authors as major influences on his development as an economist: “I’ve had a fantastic array of co-authors throughout the years... I’ve learned a huge amount from all of them”. Other economists who have inspired him include Nobel prize-winners such as Jim Mirrlees, Joe Stiglitz and Amartya Sen all of whom he has come to know well.

As for the coming academic year, he is looking forward to continuing his work with the LSE Growth Commission, as well as the “Doing Business” panel at the World Bank. “Most of my research (at least the parts of it that I enjoy most) comes out of things that are bugging me since I don’t understand them well enough, and yet I hear people making claims about them the whole time as if they do,” he explains. “I have a few things whirling around in my head at the moment which I’d like to get to... all of them will involve thinking hard about the underlying mechanisms at work. For example, what determines when credit market frictions really matter to growth and development? This links both the debate about the UK credit crunch and that about the efficacy of micro-finance.”

“In narrower terms, quite a lot of what I do involves trying to think how to develop models of how institutions and

organizations work which pays greater attention to the empirical implications of models where incentives and selection matter. With political economy, I have long been interested in understanding how government officials are held accountable and how incentives are affected by accountability structures. This has led me to worry about the role of political competition, the media and decentralized decision making on how well public policies work. This is a huge issue in developing countries which is where my work intersects with development and growth. I buy into the mantra that many of the issues facing developing countries come from dysfunctional political and bureaucratic incentives. I am also interested in the role of interrelated market and government failures in perpetuating resource misallocation which contributes to the perpetuation of poverty. So simple remedies like “improve property rights” or “introduce micro-credit” are unlikely to work on their own unless there is an appreciation of the wider set of incentive problems and frictions that surround the context in which these things are tried.”

He also will take up his position as the Economics Department’s first Deputy Head of Department for Research in September 2013, alongside Professor Gilat Levy, who will be Deputy Head of Department for Teaching. You can read about what the job entails, and the areas in which he believes the Department should be concentrating its efforts, on page 25. Always a team player, with a delightfully dry, self-deprecating manner, Tim will no doubt bring his customary focus and commitment to this new challenge, and to whatever else comes after it. We wish him the best of luck.



(left to right) Professor Tim Besley, Professor Lord Stern and Professor Sir James Mirrlees

New Centre for Macroeconomics launched at LSE

A new Centre for Macroeconomics was established at the LSE on 1 December 2012, bringing together a group of world class experts to carry out pioneering research on the global economic crisis, and design policies to alleviate it.

The centre is being funded by a grant of £5 million from the Economic and Social Research Council (ESRC), the UK’s largest funder of research on economic and social issues.

Chaired by LSE’s Nobel Prize-winning economics professor, Christopher Pissarides, the Centre for Macroeconomics has assembled a group of leading researchers from a diverse but interconnected set of institutions, encompassing disciplines from policy making (Bank of England) through applied policy research (National Institute of Economic and Social Research) to academia (LSE, University of Cambridge, and University College London), to create a unique environment for imaginative, policy relevant, and intellectually robust research.

Commenting on the aims of the Centre, Professor Pissarides said, “It became obvious soon after the start of the financial crisis that we did not have the tools to understand it, and were consequently less able to recommend policies to combat it. It also became obvious to us that globalisation and financial development had changed the nature of macroeconomic fluctuations, requiring many different skills within macroeconomics. The new Centre is bringing together a diverse group of top experts in the field, who will work together to shed light on the very complicated set of problems facing policy-makers today.”

“We will not be shy in exploring new approaches to the questions currently facing us. We hope to develop economic models that are better suited to deal with large shocks like those we recently experienced and that can better capture the complexity of the real world.”
Wouter Den Haan

The Centre for Macroeconomics has five research programmes:

Programme 1: Developing new methodologies. Programme 1 focuses on alternative approaches to study macroeconomic questions and on developing tools with which more complex models can be analyzed. There are several research projects covering a wide range of theoretical and empirical topics. On the theory side, there are projects that focus on the role of expectations for business cycles, bounded rationality, nonlinearities and heterogeneous-agent models. On the empirical side, there are projects focusing on empirical techniques to deal with time-varying relationships, nonlinearities and the use of cross-sectional information to learn about macroeconomics.

Programme 2: Consequences of fiscal austerity plans and high debt levels. Programme 2 examines positive and normative aspects of fiscal policy. It studies the impact of high public debt on the economy, for example, through higher sovereign debt premia; and the interaction between debt, fiscal policy and the financial sector.

Programme 3: Interaction between financial markets, monetary policy, and the macro economy. Programme 3 focuses on the interaction between financial markets and real activity and in particular what this interaction means for designing policies to prevent crises and policies to dampen the impact of a crisis.

Programme 4: Shifts in the world economy and their consequences. This programme’s aim is to better understand differences across countries and to design macroeconomic policies that enhance growth and reduce global imbalances.

Programme 5: Labour markets; unemployment levels after a severe crisis and long-term prospects. Programme 5 examines labour markets during deep recessions, (lack of) mobility, and labour market trends. The key question of this research programme is how to avoid an increase in the incidence of long-term unemployment following a severe economic downturn.

“Over the past five years unemployment, fiscal austerity and instability in financial markets have posed serious challenges for the UK and much of the world economy. New research and better communication between economists is needed to address them. Our foremost aims are for the centre to provide first-rate research into macroeconomic aspects of these issues and to provide leadership and focus for UK macroeconomists and their interaction with policymakers. The centre will give policy-makers access to cutting edge research and provide academics with stimulus from policy circles.” Morten Ravn

The Centre’s co-directors are Professor Wouter Den Haan of the Department of Economics, and Morten O. Ravn, Professor of Economics at UCL. In addition, LSE Economics faculty members engaged on the various research programmes include Silvana Tenreyro, Francesco Caselli, Kevin Sheedy, Gianluca Benigno, Pascal Michailat, Ethan Ilzetzki, Keyu Jin and Rachel Ngai. The centre is managed by Coralie Simmons.

To find out more about the work of the Centre for Macroeconomics, please visit www.centreformacroeconomics.ac.uk



Queen Awards Regius Professorship in Economics to the LSE



Holger Motzkau, Wikipedia/Wikimedia Commons (cc-by-sa-3.0)

On 29 January 2013, the government announced that HM the Queen was to bestow one of 12 new Regius Professorships on the LSE to mark the Diamond Jubilee celebrations. The Regius Professorship in Economics is the first to have been awarded in this field, and recognises the exceptionally high quality of teaching and research within the Department of Economics.

The Queen agreed to bestow the awards after taking advice from Ministers, who were in turn advised by a panel of eminent academics, led by Sir Graeme Davies, former Vice-Chancellor of the University of London. The other panel members were Lord Broers of Cambridge (former Vice-Chancellor of the University of Cambridge and President of the Royal Academy of Engineering), Lord Rees of Ludlow (former Master of Trinity College, Cambridge and President of the Royal Society) and Lord Sutherland of Houndwood (former Principal of the University of Edinburgh and President of the Royal Society of Edinburgh).

The creation of Regius Professorships falls under the Royal Prerogative. In the past, they were created when a university chair was founded or endowed by a Royal patron, and were limited to a handful of the ancient universities of the United Kingdom and Ireland, namely Oxford, Cambridge, St Andrews, Glasgow, Aberdeen, Edinburgh and Trinity College, Dublin. Only two other Regius Chairs have been awarded in the

last century, to mark the 200th anniversary of the birth of Charles Darwin in 2009. Before then, the most recent Regius Professorship was created by Queen Victoria.

The title of Regius Professor of Economics will be conferred upon Professor Chris Pissarides, who was awarded the Nobel Prize for Economics in 2010 (together with Peter Diamond of MIT and Dale Mortensen of Northwestern), for his work on “the analysis of markets with search frictions”, a way of thinking about markets that recognizes that they often do not work as smoothly as economists’ model of perfect competition would suggest. This approach has been most commonly applied to the labour market, where it has improved the understanding of unemployment of both academics and policy-makers. Unemployment is always an important topic but, with many countries now in the deepest recession for a generation, it is particularly relevant now.

The Head of the Economics Department, Professor Michele Piccione, said the award was “a great honour that both recognises the outstanding contribution that the Economics Department has made to the development of the discipline, and will also help to guarantee that it will continue to provide the kind of economic analysis that will secure our prosperity in the future.”

Official Opening of 32 Lincoln’s Inn Fields



In January 2013, following two years of planning and construction work, the Department of Economics and its affiliated economics research centres moved into the old Land Registry building at 32 Lincoln’s Inn Fields. Located at the junction of Serle Street and the south side of Lincoln’s Inn Fields, the Grade II listed building overlooks London’s largest public square.

The Economics Department occupies floors 1-5 of the building, alongside the Centre for the Analysis of Social Exclusion (CASE), the Centre for Economic Performance (CEP), the Centre for the Economics of Education (CEE), the Spatial Economics Research Centre (SERC), the Centre for Macroeconomics (CFM), the International Growth Centre (IGC) and the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD), all of whom have strong links with the Department. The basement, lower ground and ground floors of the building offer a cafe (the Bean Counter), 19 teaching rooms, two Harvard-style lecture theatres, and three computer study rooms. A further 21 seminar rooms of various sizes are distributed between all eight floors.

Lincoln’s Inn Fields was originally laid out in the 1680s on the site of two Crown-owned pastures adjoining Lincoln’s Inn called Cup Field and Purse Field. The building itself dates from the early 20th century and is a fine example of the “Jacobethan” style that was popular throughout the Victorian era; it possesses numerous period features including mosaic terrazzo flooring in the vestibule, marble columns, decorative plasterwork and wooden panelling, most notably in the Chief Registrar’s Room on the first floor, where the wood panelling still bears the marks of the bomb damage sustained during World War II.

“We are delighted to have had this opportunity to work with LSE to transform the former Registry Building into a modern teaching and academic facility, in so doing providing a key addition to LSE’s campus and extending a new lease of life to this magnificent building.”

Tony Ling, Director of Jestico + Whiles

The School took vacant possession of the building in May 2011. Refurbishment work was designed by architects Jestico + Whiles, an award winning architectural and interior design practice with offices in London and Prague. Apart from sympathetically restoring the building’s many original features, they also installed a new, single-storey glass and steel entrance pavilion to improve accessibility from both Portugal Street and Lincoln’s Inn Fields, and provide the required secure entry and foyer space for a large number of students.

“Our aim is to provide a world class setting for our students and we have worked closely with Jestico + Whiles to ensure that 32LIF works as an academic venue while maintaining its historical character. It is a pleasure to see the building being enjoyed by staff and students.”

Julian Robinson, Director of Estates, LSE

The new building was officially opened on Monday 29 April 2013 by HRH the Princess Royal, who is the Chancellor of the University of London. She was met by LSE Chair Sir Peter Sutherland, the Director Professor Craig Calhoun and University of London Vice-Chancellor Professor Sir Adrian Smith, and was then conducted on a tour of the newly opened building, meeting economics students, faculty, administrative and research staff, and some of the people involved in the building’s redesign and renovation. Her visit culminated in a reception, at which she unveiled a plaque.



32 Lincoln's Inn Fields was designed in 1903 by Henry Tanner to house the headquarters of the UK Land Registry. It was constructed in two phases: the western and central portions were erected in 1903-05 and the eastern portion was built in 1912/13. The building contains approximately 11,500msq. of internal space over eight storeys, with three principal facades (the fourth adjoins the Royal College of Surgeons). Constructed from Leicestershire red brick and Stancliffe Derbyshire sandstone, the Grade II listed building features a number of classic Jacobean-style characteristics including Dutch gables, nine mullioned bays and polychromatic banding in the brick and stonework.

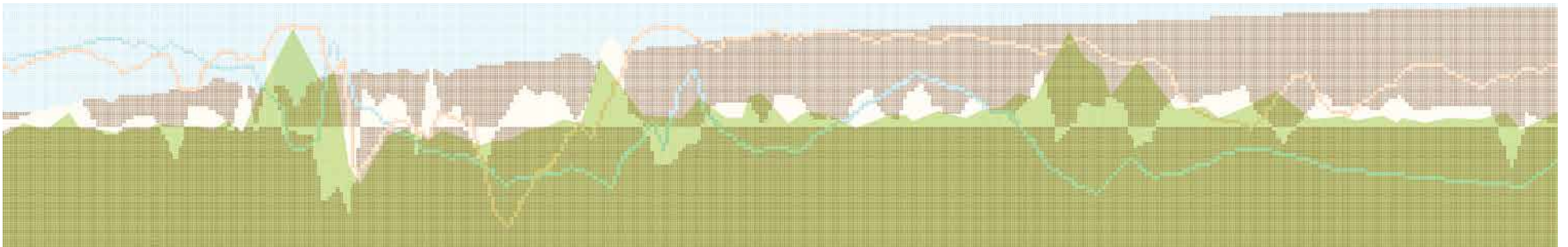


(left to right) LSE Director Professor Craig Calhoun, HRH Princess Anne and Professor Michele Piccione, Head of the Department of Economics.



(left to right) HRH Princess Anne, Professor Oriana Bandiera, Director of STICERD, and Professor Henrik Kleven.

The 32LIF graphic by Jestico + Whiles represents a superposition of the quality of life indices in their own unit of measurement – GDP growth, consumer price index, birth, employment and life expectancy rates – from the founding of LSE in 1895 until 2012.



LSE's International Growth Centre receives £51 million from DfID

The International Growth Centre (IGC) which is co-located with Department of Economics in the new 32 Lincoln's Inn Fields building, and run in partnership with the University of Oxford, received a £51 million investment from the UK's Department for International Development in March 2013.

Since its establishment four years ago, the IGC has provided policy support to 12 countries (Bangladesh, Ethiopia, Ghana, India, Mozambique, Pakistan, Rwanda, Sierra Leone, South Sudan, Uganda, Tanzania and Zambia) and managed ten research programmes on state capabilities; political economy, accountability and governance; macroeconomics; firm capabilities; finance; human capital; agriculture; urbanization and infrastructure; trade; and climate change, environment and natural resources. Its research has helped governments in Pakistan, Rwanda, Bihar and Bangladesh to reform their tax structures in order to boost revenue collection and has assisted governments in Ghana, Zambia and Mozambique to work towards harnessing wealth from their mineral resources.

The innovation of the IGC is to directly link frontier researchers in economics and related disciplines to high-level policy makers in these and other countries who are confronted with formulating policies to help their economies grow. This is made possible by the IGC country offices in these twelve countries which are based in universities, research institutes and central banks and via global, regional and country growth conferences where leading researchers and policy makers come together.

Using a centre headquartered at the LSE to broker a direct link between policy makers in the developing economies and leading economic researchers has proven to be a successful model. The policy makers appreciate the quality and independence of the work commissioned and the fact that their demands and concerns feed directly into the design of projects. The researchers, including Tim Besley, Greg Fischer, Gerard Padro i Miquel, Henrik Kleven and Oriana Bandiera, value the fact that the country offices and their links to policy makers enable them to get innovative, policy relevant projects off the ground.

This creates a dynamic where initial projects which demonstrate usefulness create additional demand for IGC work, often in new countries, thus allowing the IGC to influence policy in a range of countries. It is this join between top level academia and policy-making that makes the IGC so valuable. It is valuable not only because it provides a more solid evidence base for growth policy formulation in the countries where it works but also because

Professor Paul Collier of the University of Oxford, Co-Director of the IGC, said:

"Governments of poor countries struggle with daunting problems, some unique to their own circumstances. Soundly-based policy choices that respond to these problems can pay dividends far in excess of the cost of the underlying knowledge. Global excellence in knowledge that helps poor countries to help themselves – the mission of the IGC – is money well-spent."

it pushes out the global knowledge frontier in areas which are informative for a range of countries.

The major new investment of £51 million by DfID will allow the IGC to consolidate, deepen and expand the work it does both by allowing it to work in some challenging and interesting new countries such as Liberia and Myanmar but also by enabling it to focus the research it does more tightly on areas where there is both demand for new knowledge across a range of countries and where there are large knowledge gaps in the existing academic literature.

Bringing the research and country sides of the organization closer together so that new knowledge based on frontier research can inform not only policy formulation in partner countries but also global growth policy debates will be the central challenge for the IGC over the next four years. Ensuring that the findings from the IGC's work are widely shared will be central to this objective.

Speaking of DfID's investment in the IGC, Professor Robin Burgess, Director of the IGC, said: "Increasing economic growth is critical to improving living standards for millions of people in the developing world to lift them out of poverty. Providing concrete evidence based on rigorous analysis and frontier research on what policies work to engender economic growth is a key offering of the IGC to policy makers across Africa and Asia. We are delighted that DfID's continued support will enable us to deepen and expand our work in bringing the worlds of research and policy closer together."

More on the IGC can be found at www.theigc.org

IGC Growth Week 2013, which brings together around 400 policy makers and researchers from around the world to discuss the latest issues in development and growth, will be held at the LSE between 23 – 25 September 2013.



Professor Oriana Bandiera (LSE Economics Department and STICERD) and Shamyla Faisal (Lahore School of Economics) at the IGC Growth Week 2012. © IGC

Economics Online: latest developments

The Department of Economics has responded to the increasing use of social media as a tool for engagement and outreach by establishing several new communications initiatives in 2012/13, with more planned for the coming year.

New Appointment

Kalliopi Vacharopoulou was appointed as the Department's Website and Social Media Editor, responsible for managing, developing and maintaining the Department's website and online digital resources. You can read more about her background and remit on page 24.

YouTube (EconomicsLSE)

Our YouTube channel contains recordings of all available departmental public lectures from 2006 onwards. Most are videos, although the older ones were originally audio files which will be converted into videos. New lectures will continue to be added as they become available.

Twitter (LSEecon)

We posted our first tweet on 20 February 2013 (a plug for Elhanan Helpman's public lecture at the LSE on 21 February, which we hosted jointly with *Economica*). Since then we have managed to keep up a steady stream of useful and interesting tweets and have attracted hundreds of followers.

Facebook (LSE Economics Alumni)

There is now a Facebook group for Economics alumni, providing a forum for our alumni to keep in touch with both the Department and each other.

Economics Website

Lastly, the on-going project to migrate the departmental website to the School's Content Management System (CMS) has continued this year with the migration of the news, events, seminar listings and PhD job market pages; staff listings and staff webpages are set to follow next year.

Branding

"When the department decided it was time to make more use of social media and also expand our public events programme, Emma (Taverner) and I realised we needed a unified look or "house style" for the Department of Economics' activities. Several brainstorming sessions with the LSE's excellent in-house Design Unit led to the development of two complementary "routes": a simple but interesting design for things like generic folders, PowerPoint presentations and promotional items, and a richer, more colourful version of the same design suitable for social media (such as the visuals made for our Twitter account which illustrate this article). We think they look amazing, and would like to thank Ailsa Drake, Liz Mosley, Jonathan Ing and the LSE Design Unit for their endless patience in creating these graphics."

Kalliopi Vacharopoulou



Public Events

Date: Monday 15 October 2012

Title: Department of Economics Public Lecture: "Adapt"

Speaker: Tim Harford

Chair: Dr Francesco Nava, Department of Economics, LSE

Date: Thursday 25 October 2012

Title: LSE Kuwait Programme and Department of Economics Public Discussion: "The Gulf and the Global Economy"

Speaker(s) Arnab Das, Managing Director of Research, Roubini Global Economics; Professor Iain Begg, Professor at the European Institute, LSE; Dr Gerard Lyons, Chief Economist and Group Head, Global Research, Standard Chartered Bank; Rachel Ziemba, Director of Central and Eastern Europe, Middle East and Africa (CEEMA) and Global Macroeconomics, Roubini Global Economics

Chair: Professor Danny Quah, Kuwait Professor of Economics and International Development, LSE

Date: Tuesday 13 November 2012

Title: Department of Economics and LSE Kuwait Programme Public Lecture: "Economic Transition in the Arab World"

Speaker(s): David Lipton, First Deputy Managing Director, International Monetary Fund

Chair: Professor Danny Quah, Kuwait Professor of Economics and International Development, LSE

Date: Thursday 22 November 2012

Title: Department of Economics Public Lecture: "More Relatively-Poor People in a Less Absolutely-Poor World"

Speaker: Professor Martin Ravallion, Director, World Bank Research Department and Edmond D Villani, Chair of Economics, Georgetown University

Chair: Professor Craig Calhoun, Director, LSE

Date: Tuesday 18 December 2012

Title: CIBL and Department of Economics Public Lecture: "Demystifying the Chinese Economy"

Speaker: Professor Justin Lin

Chair: Professor Danny Quah, Kuwait Professor of Economics and International Development, LSE

Date: Wednesday 16 January 2013

Title: Department of Economics Public Discussion: "Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics"

Speaker: Dr Daniel Stedman Jones

Respondents: Professor Mark Pennington, Professor of Public Policy and Political Economy, King's College, University of London; Professor Robert Skidelsky Emeritus Professor of Political Economy, University of Warwick

Date: Tuesday 5 February 2013

Title: Department of Economics Public Lecture: "Economic Development and Social Technology"

Speaker: Professor Kang Chul-Kyu, President, Woosuk University of Korea

Chair: Professor Danny Quah, Kuwait Professor of Economics and International Development, LSE

Date: Thursday 21 February 2013

Title: 2013 *Economica* Coase Lecture: "Foreign Trade and Investment: Firm-Level Perspectives"

Speaker: Professor Elhanan Helpman, Galen L Stone Professor of International Trade, Harvard University and Fellow of Canadian Institute for Advanced Research

Chair: Professor Tim Besley, Department of Economics, LSE

Date: Monday 25 March 2013

Title: Department of Economics and STICERD public discussion in association with the Bank of England: "What should economists and policymakers learn from the financial crisis?"

Speakers: Dr Ben S Bernanke, Chairman and Member of the Board of Governors, Federal Reserve System; Olivier Blanchard, Director, Research Department of International Monetary Fund; Professor Lawrence H Summers, President Emeritus, Harvard University; Axel A Weber, Chairman of the board of UBS

Chair: Professor Sir Mervyn King, Governor of the Bank of England

Date: Monday 24 June 2013

Title: Department of Economics Public Lecture: "Against the Consensus: Reflections on the Great Recession"

Speaker(s): Professor Justin Lin, Professor and Honorary Dean, National School of Development, Peking University

Chair: Professor Danny Quah, Kuwait Professor of Economics and International Development, LSE



Left to right: Professor Sir Mervyn King, Dr Ben S Bernanke, Olivier Blanchard, Professor Lawrence H Summers, Axel A Weber.

Dr Jonathan Leape appointed Executive Director of IGC

In July 2013, it was announced that Dr Jonathan Leape had been appointed as Executive Director of the International Growth Centre (IGC). The IGC, which is based at LSE in partnership with the University of Oxford, provides independent and demand-led growth policy advice directly to governments, based on rigorous analysis and frontier research. It is funded by the UK's Department for International Development, and was recently awarded a substantial grant to enable it to expand its work into new areas (see page 10).

Previously the Director of the pioneering "LSE 100" course, Jonathan's research interests centre on public economics, with a particular focus on taxation and regulation. He has a PhD in Economics from Harvard University, and degrees from Oxford University and Harvard University. He is also Director of the Centre for Research into Economics and Finance in Southern Africa, which was established at LSE in 1990 as an initiative of the Commonwealth Heads of Government to support the democratic transition in South Africa.

Commenting on his appointment, he said: "I am absolutely delighted. This is a tremendous opportunity and I welcome the challenge of leading the Centre through its next phase, working with our international partners to achieve the sustained economic growth that is vital to lifting millions of people out of poverty."



LSE Growth Commission publishes first report

The political and media debate over growth has focused excessively on the issue of the speed of fiscal consolidation over the short-run (eg, the next five years). But in some ways this “austerity” debate is a distraction from the real issue of how to improve longer-run growth rates. To tackle this issue, two Professors of Economics, John Van Reenen and Tim Besley, set up the LSE Growth Commission. Throughout 2012, a panel of distinguished Commissioners took public evidence from leading decision-makers in business, governments, international financial institutions and academia. Supported by a secretariat of CEP researchers, the Commissioners drew on the best available evidence to bring out a report which was launched on 31 January 2013 to much media attention.

All of this evidence – including videos of public hearings held at the LSE – is posted on the LSE Growth Commission website. The report was launched at a public meeting attended by 400 policy-makers, academics, business leaders and journalists and received positive coverage in lead articles in 19 newspapers including *The Economist*, *Financial Times*, and all the broadsheets. The commission also made a short film outlining its recommendations, featuring John Van Reenen, which can also be found on their website.

The main message of the report is that the UK made a number of important changes which led to a reversal of our relative long-run decline compared to France, Germany and the USA. These changes included moves to strengthen competition in product markets, increase labour market flexibility and expand higher education. However, the UK economy continues to suffer from investment failures, particularly in the areas of skills, infrastructure and innovation. These issues have been recognized for some time, and yet have not been addressed by policy. So at the heart of the report's message is the need to take a political economy perspective on what creates economic success.

The report argues that it is enough to have good policy without understanding how it is to be delivered and sustained. For example, the improvements in education needed to deal with the long-tail of underachievement require a more adaptable ecology for schools that encourages flexibility in a framework of accountability, and improves the quality of teaching. In the case of infrastructure, there is a need to both diminish political risk and to develop a framework to identify priorities and needs. And in the case of finance, issues of short-termism and an on-going lack of finance for small and medium-sized enterprises need to be addressed. The commission recommends creating a business bank and increasing competition in banking.

The commission has disseminated the report widely among civil servants and politicians in key government departments (eg, HM Treasury, Department for Business, Innovation and Skills, and Department for Education), all of which have expressed interest in discussing further the detail of the report's proposals. Key figures in the political scene have made reference to the work of the Commission – including Mervyn King, former Governor

of the Bank of England, and Gus O'Donnell, former Cabinet Secretary. Vince Cable MP wrote in the *The New Statesman* (6 March 2013) “I share the view, set out well by the LSE Growth Commission, that long-term growth involves a major and sustained commitment to skills, innovation and infrastructure investment.” It has also held meetings with the international organisations to discuss the findings.

But the writing and launch of the report is only the first stage in the Commission's attempt to get the recipe for future growth on the table. In the preparation of the report its researchers interviewed many members of the government, think-tanks and quangos, and have established strong on-going links with the OECD, the IMF, in Scotland (jointly with the Scottish Council for Development and Industry), and in Manchester (jointly with the New Economy Manchester). The Article IV team from the IMF came to LSE on 13 May 2013 to interview the co-chairs to help them write their report on the UK economy. Nick Stern and John Van Reenen held an afternoon workshop on 16 April 2013 at the OECD in Paris chaired by the OECD Secretary General, the main Directors and Ambassadors from a dozen countries to discuss the report.

Speaking at the launch of the report, John Van Reenan said, “These links and the Commission's partnership with the Institute for Government, a body which is experienced in taking research ideas to those who can embed them in policy, are a vital precursor to its extensive plans to get the recommendations of the report disseminated, discussed and acted on. The Commission plans to continue to influence the direction of the policy debate and to change the climate of opinion on policy reforms to support growth. This is unlikely to happen overnight but the LSE Economics Department will be around for a while yet and we have the patience and determination to keep the pressure for reform.”

You can find out more about the LSE Growth Commission at lse.ac.uk/growthcommission



Professor John Van Reenen speaking at the launch of the LSE Growth Commission Report, January 2013. © All rights reserved by LSE in Pictures

Obituary: Frank Hahn, 1925 – 2013



Frank Hahn, who was a PhD student at LSE, and a professor in the Department of Economics at LSE from 1967 to 1972, died in January 2013, after a short illness. Frank received his PhD from the LSE in 1951, having studied under Nicholas Kaldor and Lionel Robbins. After lecturing at the University of Birmingham from 1948-60, he spent six years in Cambridge, as a Lecturer at the Faculty of Economics and Politics, and a Fellow of Churchill College, before being offered an economics professorship at the LSE in 1967. He returned to Cambridge in 1972, where he spent the majority of his career as a Professor of Economics until he retired in 1992; he was also Professor Ordinario at the University of Siena from 1989.

FRANK HAHN – A PERSONAL APPRECIATION

I first met Frank Hahn in October 1964, as a student new to Economics at Cambridge, and as many others have been, was quickly overawed by his extraordinary intellectual authority, his tremendous belief in, and enthusiasm for, economics and his irreverent sense of humour. Tony Atkinson, an even earlier student of Hahn at Cambridge, pictures the undergraduate experience: studying economics was not just demanding but an exhilarating though often nerve-wracking experience.

During the 1960s Frank was working mainly on the issue of proving that money could have value in a general equilibrium framework. He believed that economics needed to be rigorous and the starting point was to prove that an equilibrium existed in any particular model. He was concerned that monetary economists had not been able to do that, in other than purely ad hoc manner. He offered some thoughts on these rather fundamental issues in his lectures on money at Cambridge. I recall at one point being mortified when he announced in the middle of a lecture “no-one could understand what he was talking about – except Professor Jackman”. Fortunately I was

not asked to explain the point. In retrospect I'm not sure there was an explanation, Frank was always very good at identifying fundamental problems even though they did not always have solutions. I am enormously grateful to him for encouraging me to apply for a job at LSE.

At Cambridge, Frank and other young neo-classical theorists were engaged in continuous bitter disputes with “neo-Ricardians”, who were essentially post-Keynesians who did not regard marginal analysis as useful. In 1967 relief came with the offer of a Chair at LSE. According to the folklore LSE Economics was in decline and the then Convener, Ely Devons, was advised by his junior colleagues that the situation could be saved only by the appointment of world class (as we would now say) scholars. It is alleged that each of those recruited (Frank Hahn, Terence Gorman, Harry Johnson and Alan Walters) agreed to come only in the belief that the other three had already accepted.

Though not long at LSE (he returned to Cambridge in 1972), the years he spent here were amongst the most momentous in the history of the Department. Frank and the other newly appointed professors set about imposing serious academic standards

with traumatic consequences. Several junior lecturers denied tenure on the grounds, which seemed extraordinary at the time, that they hadn't published anything. In these years our MSc programme, the first of its kind in the UK, was launched, and there were further exceptional appointments, including Amartya Sen and Michio Morishima. The aspirations and ambitions of the Economics Department were created in these years.

Back at Cambridge Frank created a group of leading theorists from universities all over the world (though not from Cambridge itself, which was as Nick Stern and Frank Cowell mention, not an intellectual powerhouse at that time) to probe the central issues of when markets worked and when they failed: this work focussed on missing markets and asymmetric information, and led to a series of papers published as *The Economics of Missing Markets, Information and Games* (1989) which Frank co-edited.

Frank's emphasis on rigorous analysis led him to be highly critical of the mis-application of economics in public policy. Famously he instigated a letter to *The Times* in 1981, signed by 364 economists, warning the then Conservative government that the contractionary policies introduced in the budget of that year would only deepen the depression and risk social and political unrest. While one might reasonably be critical of the then government's belief in simplistic quantity theory monetarism, the letter instead argued that "There is no basis in economic theory or supporting evidence for the government's belief that by deflating demand they will bring inflation under control". This would have been an extraordinary claim at the best of times, and the fairly rapid recovery in the British economy after the 1981 budget did not help the case. The reputation of academic economics did however suffer from this initiative.

Even so, unemployment remained high in the 1980s and the fundamental cause of it remained a matter of deep concern to many economists. Frank worked for many years with Robert Solow to understand better the causes of market failures which might be relevant, and though this work produced many insights (published as *A Critical Essay on Modern Macroeconomics*, 1995), it did not solve the intellectual problem. Frank though was optimistic throughout. I recall meeting him at a conference where he asked what I was working on. I said unemployment, which was at that time the main preoccupation at CEP. "Oh", he said, "quite unnecessary, Solow and I...".

The last time Frank visited LSE was in 2001, when he gave a set of lectures on money and various other examples of failures of the neoclassical macroeconomic paradigm. His thoughts were as always original and stimulating. He had I think abandoned the belief that economics had to be rigorous, believing instead that the subject matter was too vast and complex. One had to recognize the limitations of models which could only partly be based on rigorous analysis – as was said of Marshall's *Principles* "it is better to be approximately right than precisely wrong".

Frank was an inspiration but as a persistent critic rather than a creator. His restless energy and exceptional ability enabled him

to contribute to many fields of economics and his stature as an individual to some extent transcended the reputation of his papers. His originality, enthusiasm and integrity were widely admired and will be greatly missed.

Richard Jackman

I had the privilege of knowing Frank Hahn for nearly fifty years. As an undergraduate at Churchill College Cambridge, I met him when he became my Director of Studies. His initial greeting was characteristically off-putting: "are you as stupid as you look?" Unsure of whether or not I was, he sent me for an initial year's supervision with Jan Graaff, whose intellectual rigour prepared me well to cope a year later with Frank's idiosyncratic – and sometimes counter-productive – style of teaching. "Surely", he would say of my essay, "you can do better than Professor X", the aforementioned X having recently published an article on the topic in a leading journal. I like to think that we got on well, perhaps because I did not take him too seriously, or perhaps because I took him seriously when he meant to be.

Frank was serious about economics as a body of thought and as an intellectual discipline. Economics for him was not just a box of tools or a set of models. Central was his strong, but nuanced, belief in the need to understand the general equilibrium of the economy. During my years at Cambridge, he was working with Kenneth Arrow on their remarkable book, *General Competitive Analysis*, and the general equilibrium approach was a unifying theme in his teaching. We were taught not only to check the conditions for the existence of an equilibrium, but also to ask about uniqueness of equilibrium and stability under different processes of adjustment. This disciplined approach has remained with me.

The people who matter in one's intellectual development are those whose voices you hear in your head while doing your own research. Today I often hear Frank's voice as I work.

Tony Atkinson

When I started in economics, after a mathematics degree in Cambridge in 1967, Frank had just moved to LSE from Birmingham for his first chair. My graduate supervisor at Cambridge was Jim Mirrlees and the move of Frank and Terence Gorman from Birmingham to the School was seen as the School moving to the vanguard of world theory. With Morishima the three of them were not only supremely gifted technically, they were all "one-offs" who brought radical and idiosyncratic ways of looking at theory. And all three were steeped in the concepts and traditions of economic theory, its history and relation to the social sciences. I was an outsider then but I can testify to the awe in which the School was held amongst theorists at that time.

Giving a seminar at the LSE in front of Frank was always an intimidating experience. Frank would move instantaneously between issues around whether an equilibrium existed in your model to the possible influence of Joan Robinson, to your politics, to how often you changed your shirt, to the nature of your sexual activities. He was extraordinary fun to be with, intellectually and otherwise.

Frank spoke fondly of his time at LSE throughout the 40 years after he left. He clearly saw it as a special place from him both as a PhD student and professor. I think he saw the School as a place where scholarship, research, teaching and argument were the stuff of life – economics was for him about issues and ideas. He always disliked "schools of thought", plotting and the political machinations which characterised the contraventions and animosities which often dominated Cambridge in the 1970's. He was robust and direct rather than acrimonious. There was an enthusiasm, seriousness, inquisitiveness, transparency and honesty about this approach to economics which was inspirational and infectious.'

Nick Stern

Nowadays we have available all sorts of ready-made audio-visual and computer tricks to liven up our lectures. But Frank Hahn did not need tricks to keep his graduate students' attention or, rather, he invented his own. A lecture from Professor Hahn in 1970s Cambridge was never a dull chalk-and-talk

routine. It progressed as though he were engaging in multiple conversations with several intellectual challengers.

If it promised to be a slow day, if it looked as though the intellectual challenges might not be forthcoming that morning, he would stoke things up a bit at the start. "Hello, where are all my Italian Marxists today?" It worked. We were away on another interesting exploration of how economic models really could provide insight on human behaviour and the functioning of everyday life. The pantomime was not really necessary, nor was it necessary to run the lecture as though it were a display of simultaneous chess with Hahn as grandmaster. The PhD students really respected his intellectual agility and the rigour of his argument. It was a welcome contrast to what was on offer elsewhere in the Cambridge Faculty at that time.

Frank Hahn used fireworks and fun, but we never forgot that there was analytical depth to his words (although he never flaunted his substantial research record, unlike lesser colleagues). He taught with flair but without pretence, surely there are lessons for today.

Frank Cowell

We are very grateful to colleagues for sharing their memories of Frank with us. Unfortunately, due to space constraints, these contributions have been edited. The full length versions are available on the Economics Department's website at lse.ac.uk/economics

External Appointments

Professor Sir Christopher Pissarides was appointed economic advisor to the President of Cyprus.

Professor John Van Reenen was elected Fellow of the Econometric Society and Fellow of the Society of Labor Economists.

Professor Silvana Tenreyro has become Elected Member at Large of the Council of the European Economic Association.

Professor Maitreesh Ghatak was elected to the Executive Council of BREAD (Bureau for Research and Economic Analysis of Development) and an External Member of the World Bank Research Committee.

Professor Lord Stern took up his position as President of the British Academy in July 2013. He is the first economist, and the first President from LSE, since Lionel Robbins held the post 50 years ago.

Professor Philipp Kircher joined the European Economic Association as a Council Member.



Economics at LSE: a digital exhibition

To celebrate the official opening of 32 Lincoln's Inn Fields, LSE Archives staged an exhibition for LSE staff and students on the history of economics at LSE, from the School's foundation in 1895 until 1962, when the Department of Economics was established as a distinct academic department.

The exhibition started at the foundation of the School in 1895 by Sidney and Beatrice Webb and George Bernard Shaw, and went on to examine the School's development from 1895 – 1918, when the LSE became part of the University of London.

"The significance of the foundation of the London School of Economics was that the institution was deliberately intended to represent important aspects of economic science and practical investigation whether they were in agreement or not with orthodox economics."

WAS Hewins, first Director of the LSE, School Calendar 1985-86

It charts its growth under the directorship of William Beveridge (1919-37), its relocation to Cambridge during the war and subsequent expansion, and its division into 14 separate academic departments in 1962, when the Department of Economics was officially born. The exhibition ended with a roll call of convenors (Heads of the Department) from 1962 to the present day.

Apart from a fascinating selection of photographs from the School's archive,

The LSE offered students the chance to study for a new BSc (Econ) degree – the first qualification of its type in Britain – in 1901. It awarded its first two doctorates in 1903 to two women: Alice E Murray, for her research into the history of commercial and financial relations between England and Ireland, and Amy Harrison, for her work on the history of factory legislation.

visitors were also able to view some of the rare books and manuscripts usually kept in closed access in the Archives strongrooms, including:

- A merchant's guidebook from 1643
- A volume by William Petty (1623-87), one of the founders of economic science
- A first edition of "The Wealth of Nations" by Adam Smith
- Early graphs illustrating the economy in the 18th century
- A diary entry by Hugh Dalton regarding his teaching arrangements at LSE in 1919.

It is planned to put the illustrated panels created for the exhibition on permanent display in the Department of Economics, and to add several more panels charting the history of the Department from 1962 to the present day. In the meantime, it can be viewed online as part of the LSE Digital Library at digital.library.lse.ac.uk/exhibitions/economics-at-lse-since-1895



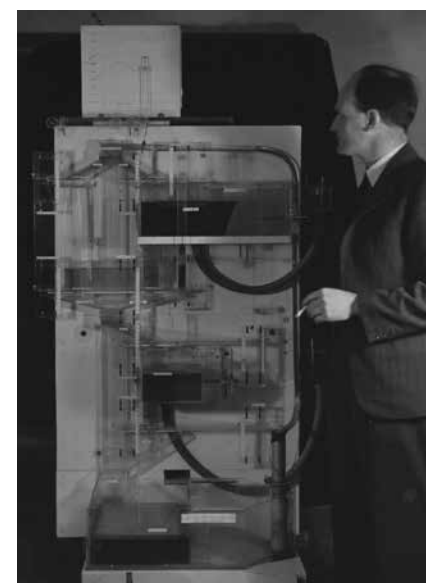
Drawing of the LSE's home from 1902: Passmore Edwards Hall, Clare Market (LSE Calendar, 1903-04).



Sidney and Beatrice Webb setting off for Russia, 1932. (LSE/IMAGELIBRARY/73) Prominent economists and social reformers, the Webbs founded the LSE with George Bernard Shaw and Graham Wallas.



Centre for Labour Economics, June 1981 (LSE/IMAGELIBRARY/196). Left to right, back row: Sushil Wadhwani, Jose Arrufat, Nicos Floros, George Alogoskoufies. Middle row: Tomoko Barker, Zafiris Tzannatos, Phyllis Gamble, Richard Jackman, Lorraine Kuhne, Joh Stern, Sue Owen. Front row: Antoni Zabazla, Bettie Jory, Richard Layard, Pamela Mounsey, Stephen Nickell, Christopher Pissarides.



A W H (Bill) Phillips with the legendary Phillips Machine, or "MONIAC", c.1960s (LSE/IMAGELIBRARY/6). Phillips joined LSE in 1950, and was Tooke Professor of Economic Science and Statistics, 1958-1967.



Professor Lord Desai with a student, c.1970 (LSE/IMAGELIBRARY/111). Lord Desai was Professor of Economics, 1983-2003.

Departmental Manager's Review of the Year



What a year it has been, here in the Department of Economics at LSE: a new Head of Department, Professor Michele Piccione; a new home, 32 Lincoln's Inn Fields (aka 32 LIF); a new research centre, the Centre for Macroeconomics; a new Regius Professor and Knight of the Realm, Professor Sir Chris Pissarides.

Michele has already made great strides in his first year as Head of Department, strengthening the governance with two appointments of Deputy Heads of the Department in areas of Teaching

and Research, and setting up regular Departmental Teaching and Research Committees. I am looking forward to continuing to work with him in the next two years.

We are finally feeling settled in 32 LIF, although it has meant upheaval and change for all over the last 12 months. The move to a new building, housing the Department and its affiliated

research centres under one roof, was a monumental effort and logistical challenge, not helped by inevitable delays, snagging and teething problems. We were finally rewarded with a fantastic day on Monday 29 April when the Princess Royal officially opened the new addition to the School's Estate. Trying to remain operational and continuing to provide an excellent service to students and staff during the Lent Term was, at times, extremely difficult, and I would like to in particular thank the support staff for helping to make this project a success, in what will be a flagship building for LSE.

The Centre for Macroeconomics launched at the end of 2012, Coralie Simmons joined as Centre Manager in May 2013, and we can see a number of activities on the horizon.

Finally, the social media revolution has reached the Department, bringing us into the 21st Century with a twitter account. Follow us and read our tweets @LSEecon

**Departmental Manager (Planning and Resources),
Charlotte Knights**

Obituary: Albert Hirschman, 1915 – 2012

Albert Hirschman, a renowned social scientist, whose highly influential work in economics and politics in developing countries has had a profound impact on economic thought and practice, died on 10 December 2012. He was Professor Emeritus at the Institute of Advanced Study at Princeton University and had studied at LSE between 1935 and 1936.

"Albert became a dear friend during my time at Princeton. And I will never forget a dinner at which my wife Gill and Albert's wife Sarah were also present where, in spite of his modesty, he talked about some of his exploits in the second world war. He was true polymath, in many ways an economist from a by-gone era. But his insights and work will be read well into the future because, above all, he was a thinker. To my regret, Albert and I never wrote the paper that we started working on together. But it was an honour to deliver the Albert Hirschman lecture at LACEA in Buenos Aires a few years ago. And one of my most treasured possessions is a signed copy of *The Strategy of Economic Development*. While we can claim only a small amount of credit in his formation – he spent most of his career in the US – his work fitted perfectly with the ambitions of the LSE. His work epitomized excellent social science which is not too narrowly bound by any disciplinary boundary."

Tim Besley, 14 December 2012



Alumnus Profile: Markus Gstöttner



(BSc in Economics, 2009; MSc in Economics, 2010)

"Having moved away from home for the first time, commencing my BSc at LSE was clearly a marking experience. Personally, I felt that I was embarking on the international adventure I had been dreaming of. Academically, I was challenged to cope with a totally new system in a foreign language. With few years' worth of hindsight, it is evident that I have benefited tremendously in both these dimensions, thanks to my alma mater.

Studying at the Economics Department was challenging and rewarding. My courses and lecturers allowed me to make my broad fascination for public policy matters more and more concrete, and to develop a genuine interest in questions of development economics and poverty alleviation. It was through my EC307 course, taught by Greg Fischer and Oriana Bandiera, that I became interested in the work done by J-PAL and other development research networks. This spark of fascination

eventually made me spend a year in rural India, working as a fieldwork research associate on an impact evaluation relating to financial inclusion.

Also in my third year, the undergraduate research seminar, led by Judith Shapiro, had given my good friend Anders Jensen and me the opportunity to write an extra-curricular research paper on "Aid and Public Finance", which actually made it all the way to being published. Up to this day, Anders and I can only blame the invisible hand for this (and Judith, of course). Discovering the geek inside, this experience really showed me how making your own content contribution to the investigation of a publicly relevant question can be extremely exciting.

For the last two years since I have returned from India, I have now been working as a consultant with McKinsey in London. At this stage, it also is apparent how my time at LSE has allowed me to make friendships for long beyond the Houghton Street days. Although everyone has busy schedules these days, there are several people you know you can count on for the long run.

In my professional life as a consultant, I must say that my international background and LSE-induced development experience has surely helped me to get the exposure to projects I have been hoping to do. In the past two years I could work in Africa, the Middle East, the US, and Europe, on topics relating to social sector, mining, banking, healthcare, and resource sustainability topics. Over the last summer, I worked in an Arab country, supporting a local client with charitable social-impact investments. The associated fieldwork and focus groups brought back many memories (and experiences) from the good old India days. Over the past months, I have been working with the McKinsey Global Institute (the firm's economic think-tank), on an economic policy topic relating to natural resources, which enabled me to visit several African countries.

And while I enjoy working in the private sector, experiences of the past still encourage me to return to university at some point – be it for another two years or more.

Overall, I can say that I am extremely grateful to LSE and the great people who have made my time there so memorable. Those years – thank God – have set the ground for numerous adventures."



Alumnus Profile: Serena Tang



(BSc in Economics, 2008)

"The LSE experience is many things to many people – challenging courses, eminent lecturers, indecipherable econometrics, building a network of lifelong friends, fumbling in the dark in the Peacock theatre... To me, what stood out during my time at LSE were the vibrant student societies that offered students the opportunity to pursue

research interests which complemented the curriculum. In my last two years at the university, I became one of the writers and editors of the LSESU Economics Society's journal *Rationale*. Investigating a wide range of topics – from the microeconomics of Twenty20 cricket to the macro impact of currency pegs – was painful, but rewarding. And also looking back, completely bonkers. But the LSE student community clearly shared this "bonkers" enthusiasm for intellectual pursuit – it is the only reason I can think of why the Economics Society managed to convince students from across the campus to participate in the inaugural LSE Student CPI project, a month before the finals no less. I had initiated the project in my last year with the aim of tracking consumption patterns of LSE university students and constructing an inflation index specific to LSE. I am very happy to see that new generations of students have continued with this worthwhile project since my graduation – I have at least left one legacy for LSE!

Of course, the whole LSE experience would not have been possible without the guidance and support from the Economics faculty. Special mention must go to Dr Kosuke Aoki – then one of our lecturers for Monetary Economics, and now at the University of Tokyo. He was not just a brilliant and thoughtful lecturer; he was also the person who encouraged me to pursue my interest in examining monetary policy transmission mechanisms. Away from the lecture hall, the Undergraduate Tutor, Dr Judith Shapiro, has proved to be a great friend and mentor, from the day I walked into her office on my first day at the university as a rather lost fresher. She was – and is, as I hear from current undergrads – not just an adviser, but also someone who expanded students' (mostly) economics understanding, be it on health economics, the financial crisis, or the fall of communism in Russia. And she exemplifies one of the truly amazing things about the LSE Economics Department – every member has a different area of expertise, different points of views, different stories. The diversity of the student population is mirrored in the faculty, making the learning experience all the richer.

After my graduation, my LSE degree opened doors to various opportunities, and I joined Morgan Stanley as a strategist

within the Fixed Income Research department, responsible for publishing reports to institutional clients on themes that grip the markets. I am attracted by the fantastic opportunity to apply my economics knowledge to the practical, the executable. A strategist's role is also a perfect marriage of the macro and micro – an analysis can start from the top-down, based on our Economists' prognosis on regional growth, filtering down into detailed recommendations on specific industries, companies or securities. Although at one point I was tempted to return to academics by a very generous admission offer for Princeton's PhD program, I realised I would really miss the opportunity to gain a more realistic understanding of how the markets work (or don't), through my interactions with sales, traders, clients, and supranational institutions such as the IMF and the ECB, especially during the height of the crisis. What keeps my job interesting is that changing world events and market conditions mean there's always something new to learn, something new to know.

I don't know what may come next in terms of my career. But equipped with LSE's own brand of eager curiosity and intellectual rigour, I know I'm more than ready for it!"



Faculty Awards

American Economic Review Excellence in Refereeing Award 2013: Professor Silvana Tenreyro. The award recognises the outstanding work of those referees "whose service and dedication have contributed to the high quality and prestige of the American Economic Review".

Hanban's Confucius Institute Individual Performance Excellence Award of the Year: Professor Danny Quah, Kuwait Professor of Economics and International Development, in recognition of his work "promoting greater understanding of China's place in the world, by insightfully analysing and effectively communicating to general audiences worldwide the effects of shifts in the global economy and of the rise of the east".

Major Review Teaching Prize: Dr Greg Fischer, Lecturer in Economics (see inset).



XII Fundación Banco Herrero prize: Professor Gerard Padró i Miquel (pictured) for his research career in the fields of Political Economy and Development Economics. The Fundación Banco Herrero created this prize in 2002 in order to acknowledge and promote research in economics, business and social sciences that contributes to social welfare. It is awarded annually to a Spanish researcher younger than 40 years old and it has

become the most prestigious early career award for research in social sciences in Spain. Previous recipients of this award include Xavier Sala-i-Martin, Luis Garicano, Pol Antràs and Jesús Fernández-Villaverde.

Honorary Award of the Higher School of Economics (HSE): Professor Richard Jackman, for his continuing contribution to the development of the International College of Economics and Finance (ICEF) in Moscow. The award was made by the Rector of the HSE, Professor Yaroslav Kuzminov, during the ICEF Graduation Ceremony at the Residence of the British Ambassador in Moscow on 25 September 2012, in the presence of the British Ambassador to Russia and LSE Director Professor Craig Calhoun.

Professor Christopher Pissarides knighted for his services to economics

Our warmest congratulations to Chris Pissarides, School Professor of Economics and Political Science, Regius Professor Designate, and Chair of the new Centre for Macroeconomics, who was knighted in the 2013 Queen's Birthday Honours list.

Professor Pissarides' research interests focus on several topics of macroeconomics, notably labour, economic growth and economic policy. A member of the Department of Economics since 1976, he was awarded the Nobel Prize for Economics in 2010 for his highly influential work on search costs in labour markets, which highlighted the ways in which unemployment, job vacancies and wages are affected by regulation and economic policy, and has influenced policy-making across the world.

Greg Fischer is the latest Economics lecturer to be awarded a Major Review Teaching Prize by the School's Promotions Committee. These prizes are awarded to staff who get outstanding feedback from their students, innovate in their approach to course design and delivery, actively develop their own teaching, and support others.



The Director of LSE's Teaching and Learning Centre, Dr Liz Barnett, described Greg as an excellent lecturer: "(He's) hugely engaging, pitches his teaching at just the right level for the students he's working with and puts tremendous energy into motivating students and getting them thinking and questioning."

Greg himself remains modest about his achievement. "While I think there are a lot of really valuable new technologies in education, my classes are pretty low tech. One of the greatest opportunities students have at LSE is for direct intellectual engagement with faculty and their peers. I don't want to get in the way of that. One low tech solution that I find very helpful is to end every class with a short "quiz". I ask students what, if anything, they found confusing? What, if anything, was particularly interesting? And how was the pace? I've tried doing this online, but find the immediacy and near 100% response rate that comes from doing this on scraps of paper at the end of class to be the best way to see how things are going ... I hope that every year a few of my students learn something that changes the way they think about the world. Maybe this gives them the tools to make a difference in areas that matter to them. I never see the counterfactual, so I don't know if this is actually happening. Some of my students seem to think that it is, and I find that very gratifying. As for what it takes to achieve this, I really don't know, but some combination of hard work and empathy is probably a pretty good start."



New Faculty and Administrative Appointments

Dr Esteban Aucejo, Lecturer in Economics

Esteban Aucejo joined the department as a lecturer in September 2012, just missing the date of inclusion for last year's *Economics Annual Review*. A graduate of the Universidad de San Andres, Buenos Aires, he studied economics at Duke University before joining the Department of Economics at the LSE. In 2012/13, he taught labour economics to MSc and research students; in the forthcoming session he will also be teaching labour economics to undergraduates.

Esteban is a microeconomist working in labour economics, with an interest in the economics of education. He is currently working on issues surrounding gender and race in higher education.

Dr Jeremiah Dittmar, Lecturer in Economics

Jeremiah Dittmar received his PhD from UC Berkeley in 2009 before spending a year as Deutsche Bank Member at the Institute of Advanced Study, followed by two years at the American University. He will join the Economics Department in September 2013. He will be teaching quantitative economics and the quantitative evaluation of public policy in the forthcoming session.

Jeremiah's research work is concentrated at the intersection of applied microeconomics, growth, and economic history. Currently he has two principal research programmes: the first documents the impact of the information technology revolution of the European Renaissance (including the invention of the printing press) on media markets, the diffusion of ideas, and economic development; the second uses new evidence on firms, plantations and runaway slaves in pre-Civil War USA to examine how the property rights of slavery were contested, and how this shaped North American economic development.

Dr Andrew Ellis, Lecturer in Economics

Andrew Ellis, who joined the department in July 2013 as a lecturer, received his PhD from Boston University earlier this year. He works in microeconomic theory, particularly decision theory and political economy, and will be teaching microeconomic theory and applied economic theory in the forthcoming session.

Andrew's research studies the economic modelling of inattention. Inattention has many interesting economic implications ranging from sticky prices to extreme price swings to under-diversification, but the behavioural foundations of the models that permit inattention are not yet well understood. His work seeks to improve our understanding of the role that inattention can play in economics by analysing the foundations for these models.

Alessandro Gavazza, Professor of Economics

Alessandro Gavazza joined the Department of Economics as a Professor in June 2013. A former student of the LSE Economics Department, he graduated from the MSc Econometrics and Mathematical Economics with Distinction in 2000, gained his PhD at New York University in 2005, and taught at the Yale School of Management, and then the Stern School of Business at NYU.

Working primarily in industrial organization and applied microeconomics, Alessandro's recent work focuses on empirical analyses of role of intermediaries in markets with frictions. In the forthcoming session, he will be teaching econometrics to MSc students and the economics of industry to research students.

Dr Michael Peters, Lecturer in Economics

Michael Peters joined the department in August 2013 as a lecturer. He received his PhD from MIT in 2012 and has spent the last year as a post-doctoral associate with the Cowles Foundation at Yale University. He will be teaching economic policy to undergraduates and macroeconomics to research students in the forthcoming session.

Michael's main fields are macroeconomics and development, focussing on long-run growth and development economics. In his job market paper, he examined a currently developing country – Indonesia – and analysed the process of firm dynamics of manufacturing plants. Currently, he is taking a more historical perspective on economic development to study the long-run impact of labour migration on the local economy by exploiting the expulsion and resettlement of German minorities after the Second World War.

Dr Kalliopi Vacharopoulou, Departmental Website and Social Media Editor

Kalliopi Vacharopoulou, who joined the Economics Department in 2011 on a temporary contract, was appointed Website and Social Media Editor in May 2013. She was educated at Aristotle's University of Thessaloniki, Greece, and University College London, where she received a PhD in Archaeology (Conservation). She has worked in several museums, art archives and libraries on projects related to 2D and 3D digitisation and the digital curation of cultural heritage content, web development and e-learning resources.

Kalliopi is responsible for the development, management and maintenance of the Department's website and online digital resources, including social media and the Economics Department's intranet.

New Appointments: Deputy Heads of Department



Professor Tim Besley, Deputy Head of Department for Research

"Being a member of the economics department has always been about team work. Names like head of department only became a term of art quite recently and we used the term convenor to reflect the primus inter pares status of the role. So why do we need a role like deputy head of research? This is something that I asked myself when Michele asked if I would take on the role for three years starting this September. There are a couple of good reasons which explain why I agreed.

The first is that it is useful for the head of department to have a support network on which he or she can draw. Being deputy of research is partly to provide a sounding board that allows the head of department to do a demanding job more effectively. Often there are decisions to be made quickly which cannot wait for a departmental meeting or professors' meeting. So being there to help in this makes a lot of sense.

The second reason is that there are tasks which can usefully be joined together into a single role and which have conventionally been spread around. These include chairing promotions and reviews and keeping an eye on the department's strategy for various external research assessments. But there is also scope for having a bit more strategic thinking about other issues. Is the level of support of provision of research infrastructure right? Is there more scope for fund raising to support research and PhD students? These are all things that matter to the strength of a research-led department like ours and it is no bad thing to have someone who worries about these things on a continuing basis.

This does not mean though that the economics department at LSE will not remain a cooperatively organized and sparsely governed unit bound together by common purpose more than by rules and bureaucracy. And we are doing pretty well already so it is unlikely that we need transformational change. But I am sure that there will be some good ideas over the next three years that will strengthen and support research in the department. And I am looking forward to playing a part in making these happen."



Professor Gilat Levy, Deputy Head of Department for Teaching

"We have recently moved to our new and beautiful building in Lincoln Inn Fields where, for the first time, all members of the Economics Department are together in the same home.

And the building truly started to feel like our new home when students flocked in at the beginning of the summer term, reminding us that teaching is our main activity as a group, an activity which crosses the different fields of research in the department. As deputy-head for teaching, and the chair of the newly created teaching committee, I would like to find ways that would improve our teaching and course offering and at the same time enhance our cohesion as a group of scholars.

The teaching committee has been actively considering several issues so far. We have looked at our MRes offer and have decided to intensify the training we provide to our students. We have looked at how we provide feedback to students, who always benefit from more contact time. We have to find ways to do that while allowing faculty to engage in their research activities, which informs our teaching and allows us to be a first-rate institution. One possibility we have discussed is to have faculty teaching more classes in small groups. We have also discussed the introduction of new courses for the MSc program, such as behavioural economics and economic history.

The teaching committee aims to facilitate coordination among faculty, across our different programs, and of course together with the students. The hope is that the teaching committee will increase transparency in decisions such as teaching allocation as well encourage decentralization and enable more of us to take part in decision making and the running of the department."



Student External Awards



Klaus Liebscher Award 2013:
Luca Fornaro

Luca Fornaro, a final year PhD student, received the annual Klaus Liebscher Award at the 41st Economics Conference of the Oesterreichische Nationalbank (OeNB) for his paper "International Debt Deleveraging".

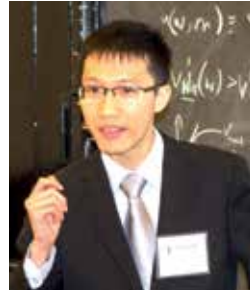
The Klaus Liebscher Award was established in 2005 on the occasion of the 65th birthday of former OeNB Governor Klaus Liebscher, in recognition of his commitment to Austria's participation in Economic and Monetary Union, and to European integration in general.

This award is offered for two outstanding (policy-oriented) scientific papers on Economic and Monetary Union and European integration issues written by young economists (born after 31 January 1978) from EU Member States or EU candidate countries. The award grants EUR 10,000 per paper, and is announced at the OeNB's annual Economic Conference. The winners are expected to present their main findings at this conference.

In his paper, Luca presents a macroeconomic analysis of a scenario in which different countries in a monetary union attempt to reduce their respective debts at the same time. The decline in aggregate demand and interest levels caused by this simultaneous deleveraging cannot be compensated by exchange rate adjustments in the monetary union. He analyses how a systemic recession can spread throughout an entire monetary union under such circumstances. He also proposes different economic policy measures that may help improve macroeconomic conditions in such a situation.

Luca said: "I was inspired to work on this paper by the process of global debt deleveraging that started with the financial crisis of 2007-08. As several countries started reducing their stock of debt, the world experienced a deep recession, particularly harsh in Eurozone peripheral countries. The paper provides a theory that connects deleveraging to economic downturns, and explains why episodes of debt deleveraging tend to be particularly painful in monetary unions such as the Eurozone. Indeed, understanding the key mechanisms at play during periods of international deleveraging is crucial in order to think about appropriate policy interventions."

"(Receiving) the Klaus Liebscher Award was a great honour for me. I am particularly excited at the prospect of my research reaching policy institutions such as the OeNB, and, hopefully, contributing to the design of appropriate policies to help Eurozone crisis countries."



2013 Kaneda Award for Outstanding Young Economist, Carroll Round: Yi Jie Gwee

In April 2013, Yi Jie Gwee, a 3rd year BSc Econometrics and Mathematical Economics student, received the Kaneda Award for "Outstanding Young Economist" at the Carroll Round – the premier international undergraduate

research conference in Washington DC organised annually by Georgetown University.

His paper, "3Bs And No As: Expansion of Higher Education in the UK – Bane, Boon or Boom?" presents his empirical investigation of the impact of the expansion of higher education on wages in this country. Yi Jie's research question grew out of his concern and curiosity about the likely impact of the recent and projected expansion of higher education in his native Singapore.

He decided to examine the British experience, which he describes as "something akin to a natural experiment", and found the apparent impact in Britain to be significant and positive: "I exploited the exogenous variations induced by the government's expansionary education policies. Using a difference-in-differences strategy I found that the overall expansion appears to have a positive effect on wages."

Yi Jie said of winning the award: "LSE has always been well-represented at the Carroll Round and so it has been a great privilege to continue this strong tradition of undergraduate research".

The LSE Economics Department has been sponsoring students to fly to this competitively-selected conference since 2009, when Anders Jensen, now one of our PhD students, and Markus Gstöttner, currently at McKinsey (see page 21), received one of three "Distinguished Participant Awards" at the Carroll Round for their joint paper entitled "Aid and public finance: a missing link?"

They went on to win the International Atlantic Economic Society's prize for Best Undergraduate Paper that year; the paper appears in a 2010 issue of the *Atlantic Economic Journal*. Other LSE Economics alumni who have been invited to attend the Carroll Round in recent years include Siddharth George and Max Eber, now studying for their PhDs at Harvard, and Kilian Huber, currently a PhD student in the LSE Economics Department.

Student Profile: Corinna Zuckerman



We asked Corinna Zuckerman, who has just completed her MSc Economics, what brought her to LSE, where her studies have taken her, and what she plans to do next.

Where did you study before coming to LSE?

Before coming to LSE, I studied international relations at the University of Geneva. During my studies I started a social enterprise with migrant

women in Geneva, and traveled to Nepal to help organic farmers set up cooperatives. After finishing my Bachelor I went to Sweden to do a social entrepreneurship training called the Youth Initiative Program.

Why did you choose economics?

I decided to study economics because I believe that it offers powerful tools to approach today's biggest challenges. Also, while engaging as a social entrepreneur I encountered a lot of criticism towards mainstream economics. I felt a need to acquire a solid foundation in this discipline in order to better understand both the subject and the critics.

What has been your experience of studying at LSE?

This year at LSE exceeded my expectations in many ways. I met an amazing group of people – classmates, professors and teachers – which made this experience worthwhile. The MSc Economics was definitely the biggest academic challenge I have faced so

far. I not only acquired important technical skills and a deeper understanding of economics, but I also learned how to manage stress. At one point I even started meditating in the library.

Important lessons learned so far?

Being at LSE made me realize how useful economic models are and how important it is to be humble when applying them to real world settings. In order to tackle the complex nature of today's challenges we need simple models, but we also need to appreciate and comprehend complexity. In my opinion this requires a joint effort of diverse approaches and real dialogue between fields and disciplines. A question I am working with at the moment is how to create "language bridges" that foster such interdisciplinary approaches. I find it puzzling how easily disagreements arise between economists and non-economists due to genuine misunderstandings.

What would you like to do next?

I envision setting up an international network of social entrepreneurs in the future. First, however, I want to gain some professional experience in the field. Next year I am therefore participating in the Mercator Fellowship for International Affairs, which allows me to pursue my own project whilst working in three international institutions.

Is there anyone you'd like to say thanks to?

I would like to thank the Ernst-Göhrer Foundation, the Swiss Study Foundation and the City of Basel for supporting my studies at LSE.



Student Awards and Scholarships

We would like to extend our warmest congratulations to all economics students graduating in 2012/13, and to acknowledge the achievements of the following students, who were awarded departmental prizes, scholarships and external awards for outstanding performance in their exams or written work.

BSc Prizes and Awards

Allyn Young Prize

- Melissa Luki Andreany**, BSc in Government and Economics
- Benjamin Tze Wee Ng**, BSc in Economics

Economics Examiners Prize

- Amit Joshi**, BSc in Economics
- Xin Xuan Tan**, BSc in Economics
- Shing Chi Frank Lam**, BSc in Economics
- Benedict Jingwen Tan**, BSc in Economics
- Yijing Yang**, BSc in Economics
- Benjamin Tze Wee Ng**, BSc in Economics
- Michael McAuley**, BSc in Economics
- Kunal Walia**, BSc in Economics

Economics Department Prize

- Daniela Dragan**, BSc in Economics
- Alvin Yong**, BSc in Economics
- Ee Sin Choo**, BSc in Economics
- Fabian Guenter Werner Trottner**, BSc in Econometrics and Mathematical Economics
- Hortense Badarani**, BSc in Econometrics and Mathematical Economics
- Thi Thu Nga Pham**, BSc in Economics
- Zhi Jie Thomas Lee**, BSc in Economics
- Payum Partovi**, BSc in Econometrics and Mathematical Economics
- Wei Lip Ang**, BSc in Economics
- Maclej Jacek Lisik**, BSc in Economics

Gonner Prize

- Pelayo Mendez Valero**, BSc in Economics

J R (Bob) Gould Prize

- Jia Hui Khoo**, BSc in Economics

Premchand Prize

- Charles Dixon**, BSc in Economics

Rishi Madlani Award

- Natalia Hadjiyianni**, BSc in Economics and Economic History
- Ho Fai Wu**, General Course

External BSc Awards

Kaneda Award for Outstanding Young Economist, Carroll Round: **Yi Jie Gwee**

MSc Prizes and Awards

Ely Devons Prize for exceptional performance

- Anita Bhide**, MSc Economics
- Karun Adusumilli**, MSc Econometrics and Mathematical Economics

External MSc Scholarships and Awards

- Corinna Zuckerman** (MSc Economics), Ernst-Göhrner Stipendium
- Loreto Ayala-Bosch** (MSc Economics), CONICYT CHILE – Scholarships for Masters Abroad
- Jakree Koosakul** (MSc Economics), Bank Thailand’s Postgraduate Scholarship
- Marian Rizk** (MSc Economics), Chevening Scholarship
- Madhubala Sriram** (MSc Economics – two year), Narotan Sekhsaria Scholarship
- Abdullah Oztek** (MSc Economics), Turkish Council of Higher Education
- Xin Wu** (MSc Economics), Tianyang Chinese Scholarship
- Aleksander Olechnowicz** (MSc Economics), Louis Karbownicki LSE Award
- Bixaun Xu** (MSc EME – two year), German Business Foundation
- Kezhou Xiao** (MSc EME – two year), Research Fellowship – Asia Research Centre – LSE
- Ioannis Andreadis** (MSc Economics), GV Karelias Foundation
- Pablo Urbiola** (MSc Economics), Bank of Spain – Scholarship for extension of studies in Economics

- Abhilasha Sahay** (MSc Economics), JN Tata Endowment Scholarship
- Ritwika Sen** (MSc Economics – two year), Inlak Shivdasani Foundation Scholarship & Narotam Sekhsaria Foundation Scholarship
- Daniel Chandler** (MSc Economics and Philosophy), MSc Philosophy Scholarship – LSE
- Matt Roberts-Sklar** (MSc Economics), Bank of England – Study Sponsorship
- Kathrin Weny** (MSc Economics), German Academic Exchange Service
- Karun Adusumilli** (MSc EME), Graduate Support Scheme – LSE
- Poh Lynn Ng** (MSc Economics), Chevening Scholarship
- Jason Teo** (MSc Economics), Singapore Ministry of Trade and Industry Postgraduate Scholarship
- Seyed Taheri** (MSc Economics), LSE Master’s Award
- William Peters** (MSc Economics), The Bill Harrison Scholarship

MRes/PhD Prizes and Awards

Outstanding Performance in MRes Examinations

- Mr Stephan Maurer**
- Mr Marcus Roel**
- Ms Kieu-Trang Nguyen**

External MRes/PhD Awards

Klaus Liebscher Award: **Luca Fornaro**



Teaching Prizes

Outstanding Teaching Awards

- Malvina Marchese** (EC221)
- Alex Clymo** (EC321)
- Munir Squires** (EC307)
- Jingyuan (Jane) Wei** (EC102)
- Alessandra Peter** (EC201)
- Bansri Dhokia** (EC102)
- Abhimanyu Gupta** (EC484)
- Mustafa Celiktemur** (EC440)
- Luis Martinez** (EC202)
- Katarzyna Grabowska** (EC100)
- Thomas Carr** (EC210)
- Andrea Lanteri** (EC315)
- Reka Juhasz** (EC413)



Job Market Placements

Toni AHNERT: Research Economist at the Bank of Canada (Financial Studies Division)

Michael BOEHM: Assistant Professor (Tenure Track) at the Department of Economics, Bonn University

Anne BROCKMEYER: Young Professionals Programme at the World Bank

Wenya CHENG: Lecturer in Economics at the University of Manchester

Nathan CONVERSE: Economist at the Federal Reserve Board (Global Financial Flows Section)

Francisco COSTA: Assistant Professor at the Graduate School of Economics, Getulio Vargas Foundation (EPGE/FGV), Rio De Janeiro, Brazil

Benjamin FABER: Assistant Professor at the Department of Economics, UC Berkeley

Luca FORNARO: Researcher at Centre de Recerca en Economia Internacional (CREI) and Adjunct Professor at the Department of Economics at Universitat Pompeu Fabra

Abhimanyu GUPTA: Lecturer at the University of Essex

Fadi HASSAN: Assistant Professor at Trinity College Dublin

Sebastian KODRITSCH: Post-doctoral Researcher with a joint appointment at Humboldt University of Berlin and WZB

Fabio SANCHES: Research Fellow at the Department of Economics, University of Sao Paulo

Christoph UNGERER: Economist at the European Commission, Greek Economic Adjustment Programme

Daniel VERNAZZA: Associate Economist for the CEE Region at Unicredit (London)



Economics Research Students

- | | | | |
|-----------------------------|----------------------------------|------------------------------|----------------------------|
| Mr Toni AHNERT | Mr Thiemo FETZER | Mr Alexander MOORE | Mr Manuel STAAB |
| Mr Pedro ALVES | Mr Luca FORNARO | Mr Alexey NECHAEV | Miss Claudia STEINWENDER |
| Mrs Gunes ASIK-ALTINTAS | Mr Angus FOULIS | Miss Melania NICA | Mr Zhe SUN |
| Mr Michel AZULAI | Mr Jason GARRED | Mr Thomas O'KEEFFE | Mr Dimitri SZERMAN |
| Ms Nitika BAGARIA | Mr Georg GRAETZ | Mr Marco ORTIZ | Mr Kitjawat TACHAROEN |
| Mr John BARRDEAR | Ms Jiajia GU | Mr Daniel OSORIO RODRIGUEZ | Mr Hiu (Eddy) TAM |
| Mr Diego BATTISTON | Mr Abhimanyu GUPTA | Mr Francesco PALAZZO | Mr Spachoke THAWORNKAIWONG |
| Mr Giuseppe BERLINGIERI | Mr Andrew HODGE | Mr Giulio PAPINI | Mr Gregory THWAITES |
| Mr Michael BEST | Miss Anett HOFMANN | Mr Oliver PARDO-REINOSO | Mr Konstantinos TOKIS |
| Mr Marcus BIERMANN | Mr Kilian HUBER | Mr Joao Paulo PESSOA | Mr Christoph UNGERER |
| Mr Patrick BLANCHENAY | Mr Anders JENSEN | Mr Mechele PIFFER | Mr Oliver VANDEN EYNDE |
| Mr Florian BLUM | Miss Reka JUHASZ | Mr Jonathan PINDER | Mr Hugo VEGA |
| Mr Shiyu BO | Ms Dana KASSEM | Mr Fabio PINNA | Mr Daniel VERNAZZA |
| Mr Johannes BOEHM | Mr Kohei KAWAGUCHI | Mr Pedro PINTO | Mr Mohammad VESAL |
| Mr Michael BOEHM | Mr Milad KHATIB SHAHIDI | Mr Frank PISCH | Mr Mazhar WASEEM |
| Miss Anne BROCKMEYER | Mr Jacob KING | Miss Beyza POLAT | Miss Lisa WINDSTEIGER |
| Mr Albert BRUE-PEREZ | Mr Sebastian KODRITSCH | Mr Davide PORCELLACCHIA | Mr Fabian WINKLER |
| Miss Svetlana BRYZGALOVA | Miss Lena KOERBER | Ms Barbara RICHTER | Mr Guo XU |
| Mr Carlo CABRERA | Mr Giancarlo LA CAVA | Mr Markus RIEGLER | Mr Junichi YAMASAKI |
| Mr Thomas CARR | Mr Andrea LANTERI | Mr Marcus ROEL | Mr Yukihiko YAZAKI |
| Mr Oriol CARRERAS | Mr Attakrit LECKCIVILIZE | Miss Isabelle ROLAND | Miss Eremina YTSMA |
| Mr Can CELIKTEMUR | Ms Jungyoon LEE | Mr Federico ROSSI | Miss Giulia ZANE |
| Miss Shantayne CHAN | Mr Yu-Hsiang LEI | Miss Sutanuka ROY | Mr Min ZHANG |
| Mr Xiaoguang (Shawn) CHEN | Mr Alexander LEMBCKE | Mr Fabio SANCHES | Mr Rui ZHANG |
| Miss Wenya CHENG | Mr Nicola LIMODIO | Miss Sarah SANDFORD | |
| Mr Alex CLYMO | Mr Milan LISICKY | Mr Francesco SANNINO | |
| Mr Nathan CONVERSE | Miss Maria del Pilar LOPEZ-URIBE | Mr Thomas SCHELKLE | |
| Mr Francisco COSTA | Mr Enrico MALLUCCI | Mr Arthur SEIBOLD | |
| Ms Ana Sofia DAMAS DE MATOS | Miss Iris MANTOVANI | Mr Amar SCHANGHAVI | |
| Mr Sergio DE FERRA | Mr Sam MARDEN | Mr Christian SIEGEL | |
| Miss Marta DE PHILIPPIS | Mr Luis MARTINEZ | Mr Daniel SILVA JUNIOR | |
| Mr Jon DE QUIDT | Mr Stephan MAURER | Miss Miriam SINN | |
| Miss Laura DERKSEN | Mr Panos MAVROKONSTANTIS | Miss Anna SIVROPOULOS-VALERO | |
| Miss Erika DESERRANNO | Miss Ana MCDOWALL | Mr Matthew SKELLERN | |
| Miss Delger ENKHBAYAR | Mr Luca METELLI | Mr Roberto SORMANI | |
| Mr Miguel ESPINOSA | Mr Luke MINER | Mr Pedro SOUZA | |
| Mr Andy FENG | Ms Tara MITCHELL | Mr Munir SQUIRES | |

Selected Publications

Professor Oriana Bandiera

The making of modern America: migratory flows in the age of mass migration (with I Rasual and M Viarengo). Journal of Development Economics Vol 102 (2013).

Dr Gianluca Benigno

Financial crises and macro-prudential policies (with H Chen, C Otrok, A Rebucci and E Young). Journal of International Economics Volume 89 No 2 (2013).

Professor Tim Besley

Estimating the peace dividend: the impact of violence on house prices in Northern Ireland (with H Mueller). American Economic Review Vol 102 No 2 (2012).

Incentives and the De Soto effect (with K B Burchardi and G Maitreesh). The Quarterly Journal of Economics Volume 127 No 1 (2012).

Professor Robin Burgess

The political economy of deforestation in the tropics (with M Hansen, B Olken and S Sieber). Quarterly Journal of Economics Volume 127 No 4 (2012).

Professor Francesco Caselli

Do oil windfalls improve living standards? evidence from Brazil (with G Michaels). American Economic Journal: Applied Economics Volume 5 No 1 (2013).

Professor Wouter Den Haan

The role of debt and equity finance over the business cycle (with F Covas). Economic Journal Volume 122 No 565 (2012).

Dr Erik Eyster

An approach to asset pricing under incomplete and diverse perceptions (with M Piccione). Econometrica Volume 81 No 4 (2013).

Dr Greg Fischer

Contract structure, risk sharing and investment choice. Econometrica Volume 81 Issue 3 (2013).

Professor Maitreesh Ghatak

Trade and the allocation of talent with capital market imperfections (with R Bonfatti). Journal of International Economics Volume 89 No 1 (2013).

Marry for what?: partner selection in modern India (with A Banerjee and J Lafortune). American Economic Journal: Microeconomics Volume 5 No 2 (2013).

Dr Ethan Ilzetzki

How big (small?) are fiscal multipliers? (with E Mendoza and C Vegh). Journal

of Monetary Economics Volume 60 No 2 (2013).

Dr Keyu Jin

Industrial structure and financial capital flows. American Economic Review Volume 102 No 5 (2012).

Professor Philipp Kircher

On the game-theoretic foundations of competitive search equilibrium (with M Galenianos). International Economic Review Volume 52 No 1 (2012).

Dr Henrik Kleven

Using notches to uncover optimization frictions and structural elasticities: theory and evidence from Pakistan (with M Waseem). Quarterly Journal of Economics Volume 128 No 2 (2013).

Dr Tatiana Komarova

Quantile uncorrelation and instrumental regression (with T Severini and E Tamer). Journal of Econometric Methods Volume 1 No 1 (2012).

Partial identification in asymmetric second-price auctions in the absence of independence. Econometrics Journal Volume 16 No 1 (2013).

A new approach to identifying generalized competing risks models with application to second-price auctions. Quantitative Economics Volume 4 (2013).

Professor Gilat Levy

Religious beliefs, religious participation and cooperation (with R Razin). American Economic Journal: Microeconomics Volume 4 No 3 (2012).

Dr Pasquale Schiraldi

New product launch: herd seeking or herd preventing? (with T Liu). Economic Theory Volume 51 No 3 (2012).

Dr Guy Michaels

Urbanization and structural transformation (with F Rauch and S Redding). Quarterly Journal of Economics Volume 127 No 2 (2012).

Dr Francesco Nava

Resale and collusion in a dynamic market for semi-durable goods (with P Schiraldi). Journal of Industrial Economics Volume 60 No 2 (2012).

Dr Taisuke Otsu

Estimating derivatives in nonseparable models with limited dependent variables (with J Altonji and H Ichimura). Econometrica Volume 80 (2012).

Local GMM estimation of time series models with conditional moment restrictions (with N Gospodinoc). Journal of Econometrics Volume 170 (2012).

Hodges-Lehmann optimality for testing moment condition models (with I Canay). Journal of Econometrics Volume 170 (2012).

Robustness, infinitesimal neighborhoods, and moment restrictions (with Y Kitamura and K Evdokimov). Econometrica Volume 81 No 3 (2013).

Professor Gianmarco Ottaviano

Rethinking the gains of immigration on wages (with P Giovanni). Journal of the European Economic Association Volume 10 (2012).

Professor Gerard Padro I Miquel

Selective trials: a principal-agent approach to randomized control trials (with S Chassang and E Snowberg). American Economic Review Volume 102 No 4 (2012).

The political economy of indirect control (with P Yared). Quarterly Journal of Economics Volume 127 No 2 (2012).

Professor Mark Schankerman

Trading and enforcing patent rights (with A Galasso and CJ Serrano). The RAND Journal of Economics Volume 44 (2013).

Dr Myung Hwan Seo

Testing for structural stability in the whole sample (with J Hidalgo). Journal of Econometrics Volume 175 No 2 (2013).

Dr Johannes Spinnewijn

Training and search during unemployment. Journal of Public Economics Volume 99 (2013).

Insurance and perceptions: how to screen optimists and pessimists. The Economic Journal Volume 123 (2013).

Professor Silvana Tenreyro

Technological diversification (with M Koren). American Economic Review Volume 103 No 1 (2013).

Professor John Van Reenen

The organization of firms across countries (with N Bloom and R Sadun). Quarterly Journal of Economics Volume 127 No 4 (2012).

Professor Alwyn Young

The African growth miracle. Journal of Political Economy Volume 120 No 4 (2012).

Faculty Index

Dr Esteban AUCEJO

Lecturer in Economics

Professor Oriana BANDIERA

Professor of Economics; Director, STICERD

Dr Gianluca BENIGNO

Reader in Economics

Professor Tim BESLEY

School Professor of Economics and Political Science

Dr Mohan BIJAPUR

MSc Tutor

Dr Margaret BRAY

Reader in Economics

Dr Gharad BRYAN

Lecturer in Economics

Professor Robin BURGESS

Professor of Economics; Director, IGC; Co-Director, PSEOPP

Professor Francesco CASELLI

Norman Sosnow Professor of Economics

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