



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

ECONOMICS REVIEW

2016/17

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WELCOME FROM THE HEAD OF DEPARTMENT



Welcome to the Economics Annual Review, a round-up of the LSE Department of Economics' activities over the last academic year.

Before I mention a few of last year's highlights, I want to look to the future. On 1 September 2017, Dame Minouche Shafik will take up her appointment at the LSE's 16th Director. We in the LSE Department of Economics could not be more proud: an alumna of our MSc Economics programme, Minouche has a genuine understanding of the qualities that make the LSE a truly global institution, both in its reach, and its reputation for world-leading research. She boasts a stellar career, having held top positions at the World Bank, the International Monetary Fund, the Department for International Development, and (most recently) the Bank of England, where she was Deputy Governor. I have no doubt that she is exactly the right person to lead the LSE through the coming years, and I wish her every success.

So, to some of the highlights. In a very competitive junior hiring market, we

have been fortunate to make several exceptional appointments this year: Xavier Jaravel (Harvard; Assistant Professor of Economics), Stephen Jenner (Exams and Assessment Administrator), Rachael Meager (MIT; Assistant Professor of Economics), Rita Nemeth (Programme and Communications Assistant), and Daniel Reck (Berkeley; Assistant Professor of Economics). In addition, Steve Machin, formerly Research Director at the Centre for Economic Performance (CEP), took up the role of Director of the CEP, and joined the Department of Economics as Professor of Economics.

Our faculty continued to be actively engaged in public affairs, alongside their research and teaching activities. I would like to make particular mention of Dr Swati Dhingra's thoughtful work on the economics of Brexit, which has received worldwide press coverage, and Professor Alan Manning's appointment by the Home Secretary as Chair of the Migration Advisory Committee. In June 2017, Professor Silvana Tenreyro joined the Bank of England's Monetary Policy Committee, becoming the tenth MPC member with direct links to the Department of Economics.

Our efforts to deliver first class teaching have not gone unrecognised. Our faculty made its strongest showing ever in the 2017 LSE Students' Union's Teaching Excellence Awards, winning the categories

for Welfare and Pastoral Support, Sharing Subject Knowledge, and Research and Guidance Support, as well as five Highly Commended prizes, and no fewer than 17 Class Teaching Awards.

As ever, I would like to close by thanking my colleagues for their hard work and enthusiasm during an extremely busy year, and to wish them – and our students – all the best for the year ahead.

Professor Leonardo Felli



FACULTY PROFILE: PROFESSOR RICARDO REIS



Ricardo Reis is one of the most highly-cited young macroeconomists in the world. His contributions in the areas of fiscal and monetary policy, the analysis of business cycles, and empirical macroeconomics are impressive. He is the editor of the *Journal of Monetary Economics*, the top macroeconomics field journal. He is also a sought-after media pundit, regularly interviewed by TV and radio stations, and contributing to numerous newspapers and blogs. Since 2011, he has written a weekly column in the Saturday edition of the Portuguese newspaper *Dinheiro Vivo*.

Ricardo's work lies in macroeconomics and the study of monetary and fiscal policies. In the past, he has worked on theories of inattention, models of sticky information, inflation dynamics, price indices, capital misallocation and the European slump, and the study of monetary and fiscal policy. Following the outbreak of the financial crisis, he started to concentrate his efforts on innovative approaches to monetary policy, central bank design, and models with frictions in financial markets.

Animated and charming, with an infectious chuckle, Ricardo is valued by his colleagues for his energy, hard work and collegiality, and appreciated by his PhD students for his willingness to go the extra mile for them.

I spoke to him about his work in April

2017, just before he was awarded the 2016 Bernacer Prize for his outstanding contributions in the fields of macroeconomics and finance.

Where did you grow up; did you live in a city or in a rural area? I grew up just outside Porto in Portugal in a place called Leça da Palmeira. It's a small seaside town with very nice fish restaurants, a beach where people surf, and not much else. It's very close to Porto – almost a suburb – so I also had access to all the benefits of the big city, as well as having the full small town experience. The friends I have now are the same ones I made between the ages of 6 and 18. We used to play out on the street together, and all our parents knew each other.

Do you come from an economics background? I don't: my father is a civil engineer, and used to run a small construction business, and my mother is a middle school teacher of maths and science. She taught in a fancy private school in the big city, but I went to the neighbourhood public school.

What subject(s) did you excel at in school, and how did you become interested in economics? My favourite subject in school was history, but the subject I was really good at was mathematics. I was drawn to economics because it allowed me

Ricardo Reis is the A W Phillips Chair in Empirical Macroeconomics in the LSE Department of Economics. He also holds research positions at the Centre for Macroeconomics, the Centre for Economic Policy Research, and the CESifo Group. He acts as an academic advisor to the Bank of England and the Federal Reserve Bank of Richmond, and sits on numerous advisory bodies. He is editor of the *Journal of Monetary Economics*, and writes a regular opinion column in the Portuguese newspaper *Dinheiro Vivo*.

A graduate of the LSE Department of Economics, Ricardo was awarded his PhD in Economics by Harvard in 2004. Between 2004 and 2008 he was Assistant Professor of Economics and Public Affairs at Princeton. In 2008, he became one of the youngest full professors in the history of Columbia University, and was later appointed to the Eccles Chair in Financial Economics. In 2016, he returned to Europe to join the LSE Department of Economics.

Ricardo lives in London with his wife and two children.

to combine the two: it asked the sort of questions I was familiar with from studying history – why did this or that happen? How did this affect societies or nations? – but it examined these questions using mathematics.

Which University did you study at? I took my undergraduate degree here at LSE, in the Department of Economics. I settled in pretty fast, and didn't experience any real culture shock when I arrived: the LSE has a cosmopolitan feel, and it's a fantastic place to study, precisely because you have a very diverse student body, and you get the chance to interact with different cultures. Moreover, the intellectual level was (and still is!) superb, both in classes as well as in everything around the school, so I felt challenged throughout.

What sort of student were you? I was a very committed student: I was eager to learn, and I worked hard. I spent many hours in the library studying and reading outside what was on the curriculum just because I was curious about economics. During this time, I grew to really love it as a subject.

Where did you pursue your postgraduate education? After graduating from LSE in 1999, I went straight to studying for my PhD at Harvard, something that would not be allowed these days.

I had a somewhat unusual approach to my PhD. I realised early on that the end goal of a PhD is to write a thesis: to produce research. Everything else you learn is simply a building block towards that. You don't take a PhD in order to attend and pass classes, and do everything your teacher tells you. You're not even there to become a well-rounded economist! You're only there to produce research.

So this was my perspective on the PhD from the start, and it led to me working with Greg Mankiw, one of my professors, early in my second year. He presented something in class, and I was very interested in what he had said, so afterwards I went up to him and asked, "What about research that does this?" and told him my idea. He was encouraging, and made a few suggestions, and instead of waiting until the summer to follow up in my own time, I started work immediately. For two weeks, I skipped classes, and spent all my time in the library. Then I went back to Greg with a bunch of notes, and explained what I had been doing, he made some more recommendations, and I went back to the library. A week later, I had written my first paper!; it's turned out to be my most cited paper to date.

The point of the story is that although I failed some of my classes (I didn't even show up for the exams), I had started to produce research earlier than is normal for PhD students. I had written two fairly good papers by the end of my second year, and I had pretty much completed my dissertation by the end of my

third year, but thanks to a Fellowship, I had the money I needed to eat and pay rent, so instead of defending my thesis in my third year, I hung around Harvard for two more years, and continued my research, and wrote a bunch of papers. By the time I finally graduated and entered the job market, I had already published six papers, and another three that were quite advanced in the publication process.

This meant I was not as stressed as a young junior professor at Princeton, because unlike most of my colleagues, I wasn't under pressure to get my first papers published, so I could focus on research that I thought was important and would have an impact.

Can you describe your teaching style?

My teaching style is very question-driven, because I think the best way to stimulate students' imaginations is to ask them to apply economic theories to real-life scenarios.

I often start a class by asking a couple of questions: one economics-based, and one designed to make the students think more broadly about the world around them. For example, I might ask "Should a central bank be independent or not?", and "What time should your teenaged son come home if he goes out on a Saturday night?" Then I'll break down the questions into their component parts, and introduce the students to economic theories and methods of analysis. As the discussion continues, we'll rule out the bad ideas and home in on the ones that might be valid, so that by the end of the class, we will have arrived at some precise answers to the questions posed at the start.

Tell us about your current research focus?

I'm currently working on four main lines of research. The first is the study of central bank balance sheets. The study of monetary economics is, in my view, more exciting now than it's been in 50 years. The way central banks behaved changed radically after the crisis. They used to be very conservative institutions that adapted to change slowly.

When they were forced to respond to the crisis, they had to change the way in which they implement policy, and the instruments they used, very quickly. They now have large balance sheets, and they've bought a lot of assets with different types of risk. This has increased their risk of exposure to financial difficulties, and has impacted their ability to control inflation. I've been monitoring this new style of central banking.

The second thing I'm working on is the use of inflation options to measure valuation-relevant inflation. There are interesting new markets in derivatives from which we can measure how market participants value or fear different inflation scenarios.

My third line of research is on automatic stabilisers. There's a strong defence among economics policy makers of fiscal systems that automatically provide stimulus in recessions, and provide austerity during booms in order to stabilise the economy. Most of the existing work on this is based on very old models, and I've been trying to build new models to understand the limits of automatic stabilizers.

Finally, I've been doing some applied policy-based work to find out what happened during the Euro crisis. I've made two main contributions to the discussion. Firstly, about five years ago, I was one of a group of colleagues that proposed the introduction of European Safe Bonds to counteract what we called the "diabolic loop" (others have since referred to it as the "doom loop" or "the adverse feedback loop"), which arises when banks have large holdings of bonds of their own sovereign, so that fears on the solvency of one feed into fears about the solvency of the other, magnifying initial shocks, which explains why we had the sharp crisis in bond markets in Europe.

Second and related, during a financial crisis – any crisis – investors move their investments from safe things to risky things. When this happens in the USA, investors get out of the stock market and go into the bond market, so the stock market crashes

¹. Mankiw, N.G. and R. Reis (2002) "Sticky Information Versus Sticky Prices: A Proposal To Replace The New Keynesian Phillips Curve," Quarterly Journal of Economics, 117(4), 1295–1328.

and bond yields fall, which is fine. However, when this happens in Europe, investors move their money out of Portugal – a risky place to invest – and into Germany, and this wreaks havoc by causing current account imbalances within the Eurozone between different European countries' economies that can't have exchange rates adjust in response to these large flows of capital.

So, at the annual International Monetary Fund meeting in 2011, my group proposed the introduction of what we call "European Safe Bonds", designed to solve the diabolic loop between banks and sovereigns, and the geographic flight to safety within Europe. They create a safe asset in Europe that banks can hold, and which is diversified across regions. Importantly, they are not a Eurobond; in fact they are the opposite of it, since they involve no joint liabilities and no risk sharing across European regions. The idea was that banks hold these ESBs rather than sovereign bonds, solving the diabolic loop, and investors have the choice of buying a riskier option (known as the "junior" ESB) or a safer option (the "senior" ESB), and in the event of a financial crisis, movement would take place between the junior and senior bonds, rather than between countries.

The idea has been taken up by the media: there have been articles or op-eds on it published in almost all good newspapers. Last year, the momentum increased when the European Central Bank commissioned a report on the proposal. There are now several taskforces working on it across Europe. Especially in the last 12 months, I have spent a great deal of time meeting people at the European Central Bank, or in the Ministries of Finance or Debt Agencies of numerous European countries in order to explain how to implement the European Safe Bonds, and how they would work.

So what began as an academic exercise could now have real impact in the near future: the work I've done on ESBs hasn't always translated into papers published in research journals, but it has a good chance of becoming an important part of Europe's financial architecture. And of course it

reflects the LSE's mandate to not just understand the causes of things, but also to make the world a better place! (He laughs).

Which economists have influenced you most? When I was an undergraduate here at the LSE, the teacher who really got me interested in macroeconomics was Charlie Bean: in fact, his Ec210 macroeconomics class was the one that made me want to continue with my studies by going to graduate school. When I was lucky enough to get the offer of a Chair from LSE, my main request was that I would be allowed to teach Ec210, and they said yes.

My academic tutor, Jonathan Leape, was also incredibly helpful and supportive, and when I decided to apply to Harvard, he found me some internships, and helped me to apply for them. As an undergraduate, they were both important to me, and they are now my colleagues, which is somewhat embarrassing.

Over the years, I've been fortunate to work with many people who have had a formative influence on me to a greater or lesser extent. As I mentioned earlier, at Harvard, my thesis advisor and main intellectual influence was Gregory Mankiw, whose name will be familiar to the LSE's first year economics students, because he wrote the main textbook that we use for Ec102 and Ec210. Michael Woodford has become an especially close friend: we spent many years building up the macro group at Columbia together.

Now you're a member of the LSE Economics faculty, has your view of the department changed at all since you were an undergraduate? There's a peculiar impression amongst the LSE students that somehow the Department of Economics' faculty isn't super-involved in teaching. I don't know where that has come from. It might have some historical basis – my work on inattention theory has shown me that past impressions can take a very long time to disappear – but my experience is that my colleagues are amazingly invested in being good, effective teachers, and in

fact the entire department puts a great deal of effort into what they do: they really care about the students.

A really nice surprise when I came here was how quickly I adjusted to working here. The LSE Department of Economics is one of the top-ranked economics departments in the whole world, and it acts like it is. It's a true global powerhouse, and it competes on the international market, so the difference between working at LSE and Columbia is minimal. We do the same things, we work the same way, and my day-to-day life has changed very little since I came here.

Am I allowed to mention a nasty surprise? (Please do!) If I could change one thing about the LSE, it would be the way exams are organised. As a member of the faculty, I find it very inefficient, relative to other places where I have taught, and it's also unnecessarily painful to students. I want to stress that as far as I understand this is not the fault of the LSE or the Department of Economics: the responsibility seems to lie with the University of London, and their rules and regulations. It's not a radical thing to say: most people I've spoken to who are involved with exams will say the same thing. Things are improving, but there's still work to be done.

What is your proudest achievement to date? I don't know how this is going to sound, but by far my proudest academic accomplishment (he swivels his monitor around so that I can see it, and hits a few keys, bringing up his personal website) are my former PhD students. (The page shows a list of 35 former students – many of them working in Federal Reserve Banks and high-ranking universities). The way in which they are exploring different things is very exciting. One of them is now the number two at the Central Bank of Brazil, and another is the number three there. Some of them have accumulated a lot of wealth, others have accumulated a lot of knowledge, but I'm quite proud of how well all of them have done. The whole process of advising PhD students is one that I enjoy very much.



The Centre for Macroeconomics (CFM) brings together a group of world class experts to carry out pioneering research on the global economic crisis and help design policies to alleviate it. CFM is funded by the Economic and Social Research Council (ESRC), and was founded in 2012.

Chaired by LSE's Nobel Prize-winning economics professor, Christopher Pissarides, the new Centre brings together a diverse – but interconnected – set of institutions, ranging from policy making (Bank of England) through applied policy research (National Institute of Economic and Social Research) to academia (University of Cambridge, University of Oxford, LSE, and University College London). This creates a unique environment for imaginative, policy relevant, and intellectually robust research.

The Centre's main research activities are divided into five major research programmes which address the key issues of unemployment, fiscal austerity, financial markets, shifts in the world economy and the development of new methodologies. It is hoped that new methodologies and better communication with policy makers will enhance the research and will lead to better policy decisions.

Research is disseminated through events, workshops, seminars and published materials – in particular, through a discussion paper series on RePEc (Research Papers in Economics), and a public lecture programme at LSE.



EXPANSION

On 18 May 2017, the Centre for Macroeconomics (CFM) and the University of Oxford organised a one-day macroeconomics workshop at Somerville College, Oxford, to celebrate the University of Oxford joining the LSE, UCL, NIESR and the Bank of England as a partner in the CFM. The speakers included Hélène Rey, Andrea Ferrero, Silvana Tenreyro and Ambrogio Cesa-Bianchi, and the keynote speaker was Kenneth Rogoff, Thomas D. Cabot Professor of Public Policy and Professor of Economics at Harvard University.

CFM SURVEYS

One of the most effective ways in which we reach out to the public is via the CFM Survey, which solicits the views of a group of prominent economists based in Europe on

important macroeconomic and public policy questions. Some surveys focus specifically on the UK economy (as the CFM is a UK research centre), but surveys can in principle focus on any macroeconomic question for any region.

The surveys, which are conducted in conjunction with the Centre for Economic Policy Research (CEPR), shed light on the extent to which there is agreement or disagreement among these experts. An important motivation for the survey is to give a more comprehensive overview of the beliefs held by economists and in particular to include the views of those economists whose opinions are not frequently heard in public debates.

Questions mainly focus on macroeconomic and public policy topics. Although there are some questions that focus specifically on the UK economy, the setup of the survey

is much broader and considers questions related to other countries/regions and also considers questions not tied to a specific economy.

In 2016/17, we carried out surveys on:

- Wages and economic recoveries
- Happiness and well-being as objectives of macro policy
- The return of a UK industrial strategy
- The future of Central Bank independence
- German Council of Economic Experts' view of ECB policy
- German current account surpluses

The results of the surveys and the panel members' commentaries are widely reported in the press, and can be viewed at www.cfmsurvey.org

POLICY-RELEVANT RESEARCH

The CFM focuses on policy-relevant research aimed at supporting sustainable and stable economic growth. Our members are currently working on projects examining questions as diverse as UK productivity losses since the outbreak of the financial crisis, to the role of networks for macroeconomic developments, fluctuations in housing markets, and the Eurozone debt crisis.

To find out more about our work, visit www.centreformacroeconomics.ac.uk



Philippe Aghion receives AEA Foreign Honorary Member Award

In April 2017, the American Economic Association (AEA) announced the award of one of this year's two Foreign Honorary Members awards to Professor Philippe Aghion of the LSE Department of Economics and the College de France (the other recipient was Ernst Fehr). The AEA's Foreign Honorary Members award is presented to foreign economists of distinction; honourees are elected by the AEA's Executive Committee. Phillippe will be presented with the award at a ceremony during the annual AEA meeting in January 2018.



The AEA is a non-profit, non-partisan, scholarly association dedicated to the discussion and publication of economics research. Its mission is to encourage research, publication, and free discussion of economic topics. It has over 20,000 members worldwide, and publishes several prestigious academic journals, including the American Economic Review and the American Economic Journals (AEJ) in Applied Economics, Economic Policy, Macroeconomics, and Microeconomics.

Philippe's research focuses on the relationship between economic growth and policy (particularly innovations as a main source of economic growth), and he has also made significant contributions to the fields of contract theory and corporate governance. In addition to his academic research, he has been associated with the European Bank for Reconstruction and Development (EBRD) since 1990.

Philippe was also one of the authors of the AEJ's "Best Paper" award in AEJ: Economic Policy for "Of Mice and Academics: Examining the Effect of Openness on Innovation," with Fiona Murray, Mathias Dewatripont, Julian Kolev, and Scott Stern (*AEJ: Economic Policy* Volume 8 No 1, pp. 212-252, February 2016).

Oriana Bandiera elected Fellow of the Econometric Society



Congratulations to Professor Oriana Bandiera, who was elected a Fellow of the Econometric Society in November 2016.

Founded in 1930, the Econometric Society is a learned society devoted to the advancement of economics by using mathematical and statistical method. It publishes three leading econometrics journals (*Econometrica*, *Quantitative Economics* and *Theoretical Economics*), as well as a research monograph series, conducts numerous congresses, conferences and seminars, and promotes the diffusion of knowledge about recent developments in quantitative economics around the world via its regional groups.

Oriana is a Professor in the LSE Department of Economics, the Director of the Suntory and Toyota Centre for Economics and Related Disciplines (STICERD), and a fellow of the British Academy, CEPR, BREAD and IZA. She is co-director of the research programme in State Capabilities within the International Growth Centre (IGC), and of the research programme in Development Economics at CEPR. She is co-editor of the *Journal of Labor Economics* and *Economica*.

Oriana's research focuses on the ways in which incentives affect people's behaviour, and how far these effects depend on social context or social relationships. She graduated from the Università Bocconi in Milan, and holds a PhD from Boston College. She was the 2011 recipient of Carlo Alberto medal, which is awarded biennially to an Italian economist under the age of 40 for outstanding research contributions to the field of economics.

Economics student wins international prize for work on UK mortgage market

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Matteo Benetton, a PhD student in the LSE Department of Economics, has been awarded the first CEPR Household Finance Network Student Prize.

The CEPR Network on Household Finance aims to promote research on household finance that is both scientifically excellent and relevant to policymakers and market participants. It launched the prize in 2017 in order to highlight the work of young researchers engaged in household finance, as well as their contribution to the field at an early career stage.

Matteo's paper, "Lenders' Competition and Macro-Prudential Regulation: A Model of the UK Mortgage Supermarket", impressed the CEPR's Steering Committee by its development and estimation of a deep structural model of household demand and supply of residential mortgages, and its application to the important policy-relevant problem of optimal banking capital requirements.



The prize was awarded at the CEPR Network's European Workshop in Household Finance in Copenhagen, Denmark on 28 April 2017.

Matteo is in the third year of his PhD. His research interests include industrial organization, household finance and macroeconomics, and he is currently studying the effects of competition and macro-prudential regulation in the mortgage market for borrowers' choice and lenders' pricing. He is also an academic visitor at the Bank of England, working on issues related to the effect of competition for the monetary transmission mechanism and the impact of Basel II on lenders' pricing and specialisation.

NEW APPOINTMENTS

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Rachael Meager | Assistant Professor of Economics

Where did you study before joining LSE?
The University of Melbourne and the Massachusetts Institute of Technology.

What fields are you working in?
Development economics, econometrics and statistics.

What are you most interested in at the moment? My doctoral work focused on aggregating evidence about interventions or programs intended to alleviate poverty across many different contexts, and now I am currently focusing more on issues of model selection and robustness analysis within this setting. Looking ahead, I'm hoping to get deeper into the question of how best to use results from randomized controlled trials of certain interventions to extract useful information from observational studies of similar interventions in different settings.

What are you teaching in the coming year?
Applied econometrics – EC402 and EC333.

What's the most interesting thing about you that I wouldn't learn from reading your CV?
I find that people can be surprised that I have earned a black belt in taekwondo.



Xavier Jaravel | Assistant Professor of Economics

Where did you study before joining LSE?
Harvard (PhD) and Sciences-Po.

What fields are you working in? Economics of Innovation, Public Economics, Labor Economics, and Macroeconomics.

What are you most interested in at the moment? The relationship between innovation and inequality.

What are you teaching in the coming year?
EC534 Public Economics for Research Students, and a course on "answering macro questions using micro data".

What's the most interesting thing about you that I wouldn't learn from reading your CV?
Not sure whether this counts as interesting, but I'm a keen skier.



Stephen Jenner | Exams and Assessment Administrator

Did you go to college/university, and if so, where and what did you study? I didn't go to university; I left school at 16 and worked part-time while studying business at college part-time.

Where did you work before joining LSE?
Before joining the Economics Department, I worked in the Law Department here at LSE as the Exams and Assessment Administrator for the LLM programme. Before that I worked for an awarding body as the Operations Manager. I had overall responsibility for the administrative management of all aspects of assessment provision for the regulatory, financial capability and PHE qualifications that the awarding body offered.

What is your role in the Department? I am the Exams and Assessment Administrator for the Economics Department.

What are you looking forward to in the coming year? The end of exams! I'm looking forward to my second year in the Economics Department and being able to effectively plan for the 2017/18 examination sessions in advance.

What's the most interesting thing about you that I wouldn't learn from reading your CV? I am actually amazing! I sew (shirts, skirts etc.) bake cakes, cook quite a bit and like to experiment in the kitchen... I'll make someone a wonderful husband someday! I have six metal plates in my face from jaw surgery. I love the countryside. Pride and Prejudice is my favourite film.

Rita Nemeth | Programme and Communications Assistant

Did you go to college/university, and if so, where and what did you study?

I studied MSc Media, Communications and Development at LSE.

Where did you work before joining LSE?

I worked at the Refugee Therapy Centre as an Assistant Administrator. Before joining the Department of Economics I worked for TRIUM Executive MBA within the Department of Management as an Alumni Project Coordinator.

What is your role in the Department? I

am the Programme and Communications Assistant; I work with the Departmental Programme Managers, as well as the Web and Moodle Editors.

What are you looking forward to in the coming year? I am looking forward to the start of the new academic year as I love helping students!

What's the most interesting thing about you that I wouldn't learn from reading your CV? I am from Hungary and I love South Asian culture. I stayed in Bangladesh for over a month and hope to explore the whole region as much as possible in the future.



Daniel Reck | Assistant Professor of Economics

Where did you study before joining LSE?

Post-doctoral scholar at Berkeley for 2016/17, Michigan Econ PhD 2010-16, University of Oklahoma BA in Econ, BA in Mathematics.

What fields are you working in? Public Economics and Behavioral Economics.

What are you most interested in at the moment? I am interested in the question of how to use tools from behavioral economics in economic policymaking. In particular, how can we combine empirical observation with normative judgements to inform optimal policy? I am also studying the effects of recent crackdowns on individuals hiding wealth in foreign accounts to evade taxation.

What are you teaching in the coming year? Public economics at various levels: EC325, EC410, and EC534.

What's the most interesting thing about you that I wouldn't learn from reading your CV?

I have been an active musician all my life. I sing, and play the piano and the trumpet. My most recent musical ensemble was an a cappella choir for graduate students at the University of Michigan called the Graduate Troupe of Needlessdy Educated Singers (GradTONES), which I co-founded with three friends.



2017 started on a sad note as one of STICERD's most illustrious and dedicated members, Tony Atkinson, passed away on New Year's Day. Tony was Director of STICERD after Michio and contributed actively for over thirty years. His extraordinary intelligence, unusually matched by equally extraordinary humility, touched the lives of many. The memories of his colleagues at LSE have been collected on our website at <http://sticerd.lse.ac.uk/atkinson/>

Tony excelled in many endeavours, most importantly in combining intellectual rigour with policy relevance. Many of us in STICERD strive to follow his lead, and carry out research that can be used to guide policy. A recent example of such



research is Professors Oriana Bandiera and Robin Burgess' evaluation of BRAC's "Targeting the Ultrapoor" programme, the results of which have influenced the policy choices of not only of BRAC itself, but also of other policy makers (see for example, the recent publication by the International Policy Centre for Inclusive Growth, "Debating Graduation" Policy in Focus, Vol. 14, No. 2.

Our public lectures in 2016/17 also touched on research themes that have

had profound impacts on social welfare. Anne Case (Princeton) gave the Tony Atkinson lecture on the opioid epidemic, and Alvin Roth (Stanford) gave the Michio Morishima lecture on kidney exchange: both stellar examples of how rigorous research can further the well-being of society.

The contribution of STICERD researchers has been recognised by several honours and awards. Professor Lord Nicholas Stern was made a Companion of Honour, one of the most prestigious awards for a civilian, in the 2017 Queen's Birthday Honours. Dave Donaldson, who took his PhD in Economics at LSE was awarded the John Bates Clark Medal by the American Economic Association (AEA) for outstanding research accomplishments in economics. One of our current PhD students, Celine Zipfel, won the 2016 IPUMS International Research Award. Professor Oriana Bandiera, the Director of STICERD, was elected Fellow of the Econometric Society, and Camille Landais, Associate Professor in the LSE Department of Economics, was named as one of the

2016 Philip Leverhulme Prize winners by the Leverhulme Trust. We congratulate them all.

Professor Oriana Bandiera
Director, STICERD

STICERD
Suntory and Toyota International Centres
for Economics and Related Disciplines

For the past four decades, the LSE's Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD) has been home to numerous world-class academics, all focused on putting economics and its related disciplines at the forefront of research and policy development. Founded in 1978 by the renowned Japanese economist Michio Morishima, with donations from Suntory and Toyota, STICERD is a thriving research community within the LSE.

NEW YEAR AND QUEEN'S BIRTHDAY HONOURS

New Year Honours

Professor John Van Reenen, long-serving former member of the Department of Economics, was awarded an OBE for services to economics and public policy making.

Until the summer of 2016, John was Professor of Economics in the Department, as well as Director of the Centre for Economic Performance (CEP). He is now Professor of Applied Economics at MIT, but remains an associate at CEP.

Queen's Birthday Honours

Professor John Hardman Moore was made Commander of the Order of the British Empire for his services to Economics.

Widely known for his work on the nature of contracts, and the interplay between financial markets and the rest of the economy, John has been a member of the LSE Department of Economics since 1983, and was appointed Professor of Economic Theory in 1990, a position he still holds alongside that of Professor of Political Economy at the University of Edinburgh. In 1999, he and his collaborator Nobuhiro Kiyotaki received the Yrjö Jahnsson Award from the European Economic Association and won the Stephen A. Ross Prize in Financial Economics for their paper "Credit Cycles" in 2010.

Professor Lord Nicholas Stern, IG Patel Professor of Economics and Government, was made Companion of Honour for services to Economics, International Relations and Tackling Climate Change.

The Companion of Honour is one of the most prestigious awards for a civilian, limited to just 65 people at any one time. The title is granted to those who have made a major contribution to the arts, science, medicine, or government over a long period.

Nick – who is also Chair of the Grantham Research Institute at LSE and the outgoing President of the British Academy

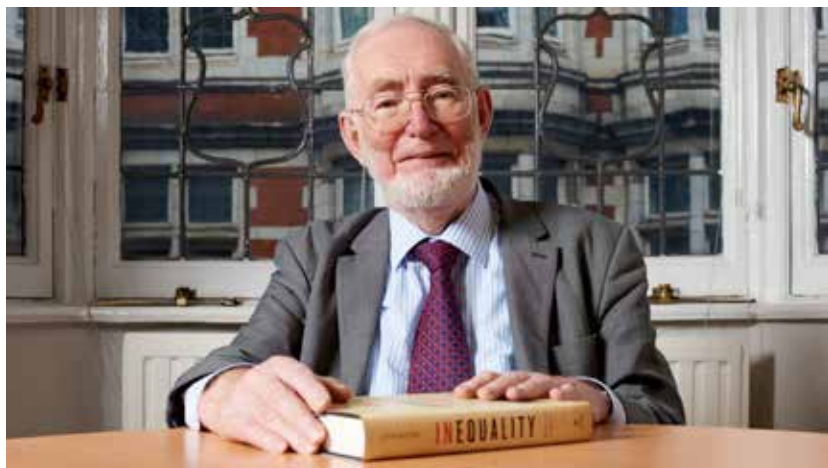
– was given the title in recognition of his contributions to economics, international relations and tackling climate change. Only three other academic economists have ever held the award – Lionel Robbins, Friedrich Hayek and Amartya Sen, all former LSE professors.

Among his many distinguished roles in academic and public life, Nick was previously Chief Economist at the World Bank, Second Permanent Secretary to the UK Treasury and head of the Stern Review on the Economics of Climate Change, published in 2006. He was knighted for services to economics in 2004 and made a cross-bench life peer as Baron Stern of Brentford in 2007.

Commenting on the announcement, Nick said he was, "delighted and deeply honoured."

Professor Julia Black, Interim Director of LSE, said: "This is richly deserved. Time and time again Nick has shown himself to be an outstanding public servant, an inspiring academic colleague and a dedicated member of LSE's global community. The achievement is even more remarkable when you consider he is only the fourth ever academic economist to be made a Companion of Honour."

PROFESSOR SIR TONY ATKINSON, 1944-2017



It was with great sadness that we learned that Professor Sir Tony Atkinson, Centennial Professor at LSE, died on Sunday 1 January 2017.

Described by Thomas Piketty as “the godfather of historical studies of income and wealth”, Tony worked on inequality and poverty for fifty years, establishing almost single-handedly the modern British field of inequality and poverty studies. His last book, *Inequality: what can be done*, argued that high levels of inequality are not inevitable, and that policies can be designed to make our societies both more equitable and more efficient.

Tony was Tooke Professor of Economic Science and Statistics in the LSE Department of Economics from 1980-

92, and Centennial Professor from 2010. He was Chair of the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD) from 1980 to 1988, and was instrumental in making it one of the world’s leading research centres.

He was President of the Econometric Society, the Royal Economic Society, the European Economic Association, and the International Economic Association, was awarded 19 honorary doctorates, and was also a Chevalier de la Légion d’Honneur.

Memories and tributes from colleagues have been collected on a dedicated page on the LSE Condolences blog and on the STICERD website at

sticerd.lse.ac.uk/atkinson/

“Tony Atkinson joined STICERD in 1980 where he was chairman between 1981 and 1987 and an active affiliate for the following thirty years; he joined the Economics Department first as the Tooke Professor of Economic Science and Statistics from 1980-1992 and then as Centennial Professor from 2010. Throughout these years, many had the privilege to learn from his sharp mind, dedication to policy and utmost kindness.”

Oriana Bandiera and Leonardo Felli, on behalf of STICERD and the Department of Economics

Professor Sir Christopher Pissarides, Regius Professor of Economics

Tony Atkinson was a true academic with one big ambition: to understand why there is poverty and inequality in a rich world and what does it take to correct them both? His work in these areas of research spanned advanced theory and practical policy advice. Had more of his policy advice being followed the world would have been a happier place to live in today. But his legacy lives on, through his many writings that are still widely read and especially through the many younger academics that he has influenced through his teachings and research. I was fortunate enough to be one of those who came across the person and his work as a graduate student, at the University of Essex and then at the London School of Economics.

I first came across him when at a very young age he came to Essex as professor, and greeted as the young star who was going to transform Essex (and he did, in his relatively short tenure there), subsequently as the author that I read repeatedly when doing my research on unemployment – a big cause of poverty and inequality – and later as my colleague at LSE, where I learned from him how to approach university life. Tony the theorist was impressive: the way he constructed his inequality index from seemingly unrelated theory (attitudes to risk) impressed me enormously and made me look beyond the narrow confines of labour economics for a solution to the unemployment problem. But more impressive was his view that in economics no theory is worth doing if it is not addressed to a problem that is blighting our world.

The intermarriage of theory and evidence were present in his work from the very beginnings to his more recent books; from taking abstract growth theory and calculating with numbers how long it takes an economy to reach growth equilibrium (very long!) to calculating what tax rates are needed to tackle poverty and inequality. The world will miss Tony but thankfully his legacy will live on.

**Professor Maitreesh Ghatak, Regius
Professor of Economics**

Our colleague Tony Atkinson, a Centennial Professor at the LSE since 2010, passed away on January 1, 2017 at the age of 72.

He was a truly great economist and a refreshingly down to earth, humble, simple man with a permanent twinkle in his eyes. Whenever I bumped into him at the LSE library he would give a conspiratorial grin (he told me, I don't see too many of our colleagues in the library these days), seeming more like a friendly teacher out of Hogwarts than the legendary figure that he was in the profession. Once I was looking around for some Indian state level data and bumped into him. He asked me what I was looking for and then pointed me to the right section. Anyone else who might have witnessed the exchange and didn't know who he was would think what a friendly member of the library staff!

He was the undisputed leader of the modern economic literature on inequality, from high theory to having a measure that was named after him, to measuring inequality, which has received a lot of attention in the last few years after the publication of his protégé and co-author Thomas Piketty's book *Capital in the Twenty First Century*. Tony's work on inequality and poverty, and his many important theoretical pieces on distribution of income and wealth and design of taxation provide foundations to modern Public Economics. Many of us learnt most of our public economics from his magnificent textbook with Stiglitz.

His strong policy advocacy on inequality over many decades also made him a leader of the Left within the Economics profession alongside Stiglitz, Krugman, and Piketty. He was a strong supporter of the welfare state. To him economics was fundamentally a social and moral science where it was not enough to analyse economic phenomena



or marvel at the majesty of the invisible hand, but also to do something to improve the lives of people.

Not that he would have cared, or it matters, but I really wish he had won the Nobel Prize, if nothing but to serve as a reminder that first-rate economic analysis and passionate policy advocacy are not necessarily inconsistent, the brain and the heart are not always at odds.

" Inequality of outcome among today's generation is the source of the unfair advantage received by the next generation. If we are concerned about equality of opportunity tomorrow, we need to be concerned about inequality of outcome today. "

Tony Atkinson, *Inequality: what can be done?*

Camille Landais nets Leverhulme Prize and *Le Monde* best economist award



Congratulations are due to Camille Landais, Associate Professor of Economics in the LSE Department of Economics, who received two prestigious awards in 2016. Camille, who describes himself as a “public economist”, works in public finance, labour economics, applied microeconomics, and microeconometrics. He has published several influential papers on subjects such as unemployment insurance, gender inequality, and taxation and its relation to both charitable giving and the European football market. He has been a member of the LSE Department of Economics since 2012, where he teaches public economics to graduate and postgraduate students.

2016 Phillip Leverhulme Prize

In October 2016, Camille was named as one of the joint winners of the 2016 Philip Leverhulme Prize by the Leverhulme Trust. The Philip Leverhulme Prizes recognise the achievement of outstanding researchers whose work has already attracted international recognition and whose future career is exceptionally promising. Each of the prize-winners received £100,000 which can be used over two or three years to advance their research.

The Leverhulme Trust has been providing grants and scholarships for research and education since 1925; today, they are one of the largest all-subject providers of research funding in the UK, distributing approximately £80m a year. Philip Leverhulme Prizes have been awarded annually since 2001 in commemoration of the contribution to the work of the Trust made by Philip Leverhulme, the Third Viscount Leverhulme and grandson of William Hesketh Lever, the founder of the Trust.

Best Young Economist of France 2016

Camille was also named as the 2016 recipient of the Prix du meilleur jeune économiste de France (Best Young Economist of France Prize). The Prize, which is awarded by *Le Monde* and the think tank Le Cercle des économistes, is modelled upon the John Bates Clark Medal, and is awarded to a French researcher under the age of 40 whom the judges believe has made a significant contribution to economics and social sciences.

Camille received his award from Etienne Klein, physician and research supervisor at the Commissariat à l'énergie atomique (CEA), at a reception at the Senate in Paris.



PhD student's paper on railways and industrialisation in Japan wins 2016 Moriguchi Prize

In December 2016, PhD Economics Junichi Yamasaki was awarded the 2016 Moriguchi Prize by the Institute of Social and Economic Research at the Osaka University. The prize is awarded to Economics PhD students in Japanese universities, or Japanese research students studying economics in foreign institutions.

Junichi, who has since taken up a position of Assistant Professor at Kobe University, won the prize for his paper “Railroads, Technology Adoption, and Modern Economic Development: Evidence from New Data in the Late 19th – Early 20th Centuries Japan”. The paper uses a novel data set to analyse the effect of railroad access on the adoption of steam power growth in pre-First World War Japan, and demonstrates how railroad access can accelerate the technological progress in the industrial sector and therefore induce structural change and urbanization, the two common features of modern economic growth.

Department of Economics sweeps the board in LSESU Teaching Excellence Awards



The Economics Department made its strongest showing ever in the 2017 LSE Students' Union's Teaching Excellence Awards, three winners, five Highly Commended, one Runner-up, and 17 Class Teaching Awards.

The awards are designed to recognise everyone who makes outstanding contributions to the education of students at LSE, from teachers who love to share knowledge, encourage research and offer great feedback, to staff who mentor students and foster lively and welcoming departmental communities.

Award for Innovative Teaching (Highly Commended):

Maria Molina-Domene

Runner-up: Derek Pillay

Award for Mentoring and Personal Development

(Highly Commended): Nicola Limodio

Winner: Award for Research Guidance and Support: Steve Pischke

"Steve is an outstanding supervisor both at the academic and personal level. His supervision style is unique and ought to be a role model for others. Steve's enthusiasm for a wide variety of topics and his attention to detail is unparalleled. It is inspiring to see him both roll-up his sleeves and go through pages of data tables while a minute later challenge us to think about the big picture."

"He holds weekly meetings with all his PhD advisees at the same time, which is not only great because of the regularity, but also because everybody knows what all the other advisees do. Moreover, besides his great knowledge of Economics and Applied Econometrics, he is also very helpful in steering us through the particularities of doing research (eg, conference submissions, the publication process etc), and has helped students to go abroad for some time, visiting other departments."

Winner: Award for Sharing Subject Knowledge: Chiara Sotis

"Her commitment to helping students surpasses that of any other teacher I've had."

"She really cares about ensuring that students understand the material and explains concepts in a simple way. She is also excellent at providing feedback." (see next page)

Award for Sharing Subject Knowledge (Highly Commended):

Adrien Bussy, Alkiviadis Georgiadis-Harris, and Vincenzo Scrutinio

Winner: Award for Welfare and Pastoral Support: Judith Shapiro

"Dr Judith Shapiro always has an open door and over my time at the LSE has always been willing to discuss any problems I have had. She has taken a specific interest in many of the problems that I and other students have regarding courses."

"I have never known a faculty member to put so much work and so much heart into her students. Dr Shapiro consistently works above and beyond her remit, whether it is inspiring first years to explore research, supporting students struggling with personal problems or giving guidance to third years on graduating from the School. She always puts herself into the mentality of students and we know that she really believes in us."

"Always available for support."

Class Teacher Awards

The Class Teacher Awards recognise the special contribution made by graduate teaching assistants, teaching fellows and guest teachers to the life of their Department. In 2017, the Economics Department boasted no fewer than seventeen winners: Thomas Dreschel, Dita Eckhardt, Katarzyna Krajnewska, William Matcham, Clement Minaudier, Hoa Viet Vu, Celine Zipfel, Aniket Baksy, Miguel Bandeira Da Silva, Giulia Bovini, Adrien Bussy, Patrick Coen, Maria Molene-Domene, Niclas Moneke, Diogo Salgado Baptista, Chiara Sotis and Guo Xu.

The Department would like to offer its warmest congratulations to all, and to thank them for their hard work and dedication.

"At its best, the Department combines research-driven material with superlative pedagogy. This year we are particularly pleased to congratulate a record number of colleagues honoured through LSE Teaching Awards. Congratulations to each of them!"

Professor Erik Eyster

Deputy Head of Department for Teaching

Dr Judith Shapiro, Undergraduate Tutor Winner: Award for Welfare and Pastoral Support

How did it feel to hear you had won the award?

The right description is “very pleased” It was, I admit, not like 2009 LSESU award when I was high for days, (besides that one gave me thousands to spend on equipment and travel). It was only when I read the nominating quotes that I felt really deep-down good: I know I add something special to our research-bound high-fliers to allow them to fly higher, and to motivate and guide, but I undervalued the impact on students, like the one who wrote, “I would not be completing my studies here if not for her.”

What aspect of LSE life do you feel new students are least prepared for? Our typical student in Economics has been the best and brightest, and has not had to work at studies, day in, day out, as opposed to glide...

What is the most challenging/most pleasurable (your choice!) aspect of your work? Most pleasurable: substantive and animated conversations on economics with the students. I do not count that as part of my working time.

Do you have any words of advice for students graduating in 2017/18? “Find a job you love and you will never have to work another day in your life”. That is the usual internet version of Mark Twain’s slightly exaggerated quote. Even jobs you love have reports and hassles.



Chiara Sotis, PhD Economics Student Winner: Award for Sharing Subject Knowledge, and Class Teacher Award



How did it feel to hear you had won the award?

I was honestly very surprised! I worked really hard this year and had a lot of fun preparing my classes but I had never won anything

in my life before and suddenly I found myself with two prestigious award. Reading my nomination made my cry. Some of the people I am very lucky to have worked with said amazing things, it meant so much! I’m just a bit sad that they didn’t get to be there, but they were all studying for exams and I really can’t complain about that!

Can you describe your teaching style and how it has evolved?

I’m actually quite “old style” in a sense! I don’t use slides and rarely use the visualiser. I believe that keeping the class interactive is vital. I’ve seen a lot of colleagues struggle to provide a lot of visual material for their classes but sometimes it can be overwhelming for the students.

I learned a lot from my History of Economic Thought professor from my first degree. He used no visual aids whatsoever and his lectures were some of the best ones, no one wanted to miss them! I write on the board, draw my graphs from scratch (I always joke that if I

Steve Pischke, Professor of Economics Winner: Award for Research Guidance and Support

How did it feel to hear you had won the award? It was a nice surprise being invited to the awards ceremony. I didn't know which award I had won at the time. I was very glad to find out how much my PhD students appreciate my support.

Can you describe how you go about supervision and how it has evolved? I typically meet my PhD students every week in a group. Everybody talks about their progress for the week and we discuss issues that are arising. The regular group meetings were an idea my students had five, six years ago in order to force themselves to work consistently. It also gets them to learn from each other, and from how others get stuck and solve their problems.

In terms of evolution, I think I started off a bit scared. My own supervisor was David Card, probably one of the best in our profession, with an illustrious string of PhD students to his name. David has an incredibly sharp and incisive mind, and would understand and solve your problems instantaneously. I didn't actually talk to him all that often, but the meetings were always extremely productive for me. How could I ever become a supervisor like that? Of course, you need to banish such thoughts, keep your head down, and just go your own way.

I am very different as a supervisor. I mostly ask questions. Either to understand myself what the PhD student is doing or probing ones, being critical and challenging the student. I've been blessed with having had an extremely talented set of students at the LSE, who have typically responded well to the questions and solved problems themselves.



Do you have any words of advice for new PhDs?

Make sure to have a supervisor with whom you can have a relationship that works for you. Not all matches work out. Even with the best supervisor, it's still your own research. Don't expect your supervisor to do it for you.

Make sure to start working on some concrete project quickly. "Finding a research topic" should not be a full-time occupation for more than a few weeks. Once you're working on something, new ideas will come; you just need to keep your mind open for them.

Most importantly, once you see a better way, be willing to throw away what you did before (if it was going to work the first time around we wouldn't call it research). Expect 90 per cent of your work to end up in the bin, not in your thesis.

managed to get 2 degrees with those graphs it must be possible for everyone!), never really talk for more than 5 minutes and tend to make a lot of jokes.

One thing that definitely changed throughout the year was my confidence level. I knew my students' names by the second week, but was still a bit too scared to call them by their names. That got a lot better and I'm still in touch with some of my students!

Do you have any words of advice for new students starting in 2017/18? Don't feel intimidated, ever. If you have questions never feel like they're too silly. We've all been there but I can assure you, teachers and faculty at the LSE aren't concerned with how brilliant and innovative your question is, we just really want to help!

Use the office hours, try to keep up as much as possible with the material, and remember that at the end of the day it's just a grade

and just a degree. I've seen so many students who were so stressed that they ended up affecting their performance during the exams. Don't worry too much. I tend to say this quite a lot to my students. An exam doesn't define you as a person!

What are you looking forward to next year? Good question! My contract hasn't been renewed yet so I guess finding out if I will be teaching next year is the first thing that comes to mind! I've applied to teach challenging subjects and it would be extremely rewarding to be able to do so. Jokes aside, I'll try to focus a bit more on my research, and read more papers on game theory and environmental economics. I'll be applying to PhD programmes in the fall so there's a lot to think about and do! In the end I just hope to have a year just as productive and as happy as this one.

Royal Economic Society prize awarded to PhD student for paper on “Superstar Earners”

Congratulations to Felix Koenig, PhD student in the LSE Department of Economics, who was awarded the 2017 Best Paper Prize at the Royal Economic Society (RES) Symposium of Junior Researchers.

Felix won the prize for his paper “Superstar Earners and Market Size: Evidence from the Entertainment Industry”, which argues that the growth in top incomes is driven by a growth in market size.

The RES Symposium of Junior Researchers is organised by research students for research students, with the support of the Royal Economic Society, and is held immediately after the annual RES Conference. Its aims are to bring together students at all stages of their theses, and to foster discussion and dissemination research in all areas of economics.

Felix, who is in the last year of his PhD, is a Teaching Fellow in the Department of Economics, and an Occasional Research Assistant in the Labour Group at the Centre for Economic Performance (CEP). His primary research interests are in the area of applied economics, and his current research focuses on inequality, mobility and unemployment.



A Wealth of Ideas: Economics and LSE



“This has been a terrific opportunity for us in the Library to bring out some of our rarest and most treasured items. We’ve a lot of collections which relate to economics so there were many things which could have been chosen. Deciding on what to include was tricky! But I’m really happy with it as it shows some of the different personalities and concepts which have shaped economics historically and at the School. My favourite items probably relate to the story of Bill Phillips’ brilliant leftfield idea to mimic the functions of the economy by building a water based computer! Even better it was used to teach students here.”

Exhibition curator Inderbir Bhullar

LSE’s reputation as a global leader in economics teaching and research has been built upon many decades of work, taking in many differences of approach and opinion. Renowned figures from the School’s story such as Lionel Robbins, Friedrich Hayek and Sir Anthony Atkinson have all moulded ideas that have had an impact not only within the realms of academia but also at a wider societal level.

This year, the LSE Library celebrated some of these stories in an exhibition called “A Wealth of Ideas”. The exhibition, which told the story of the Department of Economics from its earliest days to its most recent Nobel Prize recipients, featured some of the Library’s rarest books, including a first edition of David Ricardo’s *On the Principle of Political Economy and Taxation* first published 200 years ago. A number of other significant texts tracing economic thought in Britain have also been chosen for display, including those by Adam Smith and Karl Marx.



Professor Lord Stern honoured for his contribution to politics

Professor Lord Nicholas Stern was honoured for his outstanding contribution to politics, receiving a major award at the Political Studies Association (PSA)'s annual awards ceremony in Westminster. He was presented with the Best Use of Evidence Award one year on from COP21 (Paris Agreement) for his role in elevating climate change to the top of the world's political agenda.

Lord Stern's argument – that climate change is the greatest market failure the world has seen – has become a cornerstone of thinking in climate change politics, while his work has also emphasised its linkages to poverty, overseas aid, economic growth and the private sector.

The judges lauded Lord Stern's "robust approach leading up to, during, and following the Paris Climate Change Conference in late 2015, acknowledged as being an important part of a significant global diplomatic achievement".

When Lord Stern returned from the UN climate conference in Marrakech in

November 2016, one year on from the Paris COP21 agreement, he was hopeful about the future of the Paris Agreement: "Whilst the outcome of the US Presidential Election caused some uncertainty, there was an impressive, deep and broad commitment to get on with the process of implementation of the Paris agreement. This was founded in large measure on the conviction, a crucial foundation of the Paris agreement: that the alternative sustainable, low-carbon path is extremely attractive, including cities where we can move and breathe. It is indeed the growth story of the future: dynamic, creative and inclusive."

On the evening of the award ceremony, Lord Stern was in India to discuss climate change issues, including those in relation to India-China relationships, with academics and decision-makers. The award, which was presented by the BBC's Economics Editor, Kamal Ahmed, was therefore collected on his behalf by Bob Ward, Policy and Communications Director at the Grantham Research Institute on Climate Change and the Environment. Lord Stern spoke by video link saying "the award is a great honour."

Nick Stern was Chief Economist at both the World Bank (2000-2003), and the European Bank for Reconstruction and Development (1994-1999). He led the UK Government Economic Service from 2003 to 2007, and produced the landmark Stern Review on the economics of climate change. He was knighted for services to economics in 2004 and made a cross-bench life peer as Baron Stern of Brentford in 2007. His most recent book is *Why Are We Waiting? The Logic, Urgency and Promise of Tackling Climate Change*.

Nick is currently IG Patel Professor of Economics and Government, Head of the India Observatory, and Chairman of the Grantham Research Institute on Climate Change and the Environment at the LSE. He is President of the British Academy, and a Fellow of the Royal Society.

Public Events 2016/17



All of the Department of Economics' public events are free and open to all, and most do not require a ticket or pre-registration. Entry is on a first come, first served basis.

Full details of our public events programme – including those co-hosted with other departments or the LSE's research centres – are available at lse.ac.uk/economics/newsEventsSeminars/lecturesAndEvents.aspx

Monday 26 September 2016

Department of Economics and Centre for Macroeconomics
Public Lecture

["The Wealth of Humans: Work, Power and Status in the 21st Century"](#)

Speaker: Ryan Avent, Senior Editor and Economics Columnist for the Economist



Tuesday 15 November 2016

Department of Economics, Department of International Relations, and Centre for Macroeconomics Public Lecture

["Investing in Inclusive Growth"](#)

Speaker: Bill Morneau, Finance Minister of Canada



Wednesday 23 November 2016

Department of Economics and Centre for Macroeconomics
Public Lecture

["The Curse of Cash"](#)

Speaker: Professor Kenneth S Rogoff, Thomas D Cabot Professor of Public Policy at Harvard University

Chair: Professor Wouter Den Haan



Monday 16 January 2017

Department of Economics and Centre for Macroeconomics
Public Lecture

["Policy Issues Affecting the Bank of England: inflation control and social choice"](#)

Speaker: Mark Carney, Governor of the Bank of England

Discussant: Professor Amartya Sen, Thomas W Lamont University Professor and Professor of Economics and Philosophy at Harvard University

Chair: Professor Lord Nick Stern, Chair of the Grantham Research Institute on Climate Change and the Environment, and President of the British Academy



Wednesday 8 February 2017

Department of Economics and Centre for Macroeconomics Public

Lecture: ["The Production of Money: How to Break the Power of Bankers"](#)

Speaker: Ann Pettifor, political economist and Director of PRIME (Policy Research in Macroeconomics)



Wednesday 8 February 2017

Department of Economics and Centre for Macroeconomics Event

["Politics after Brexit and Trump: Rick Pildes in Conversation with Mervyn King"](#)

Speakers: Professor Richard H Pildes, Sudler Family Professor of Constitutional Law at the New York University Law School, and Professor the Lord Mervyn King, Governor of the Bank of England from 2003 to 2013, and School Professor at the LSE





Monday 20 March 2017

Department of Economics and Centre for Macroeconomics
Public Lecture
["The Productivity Puzzle"](#)

Speaker: Andrew G Haldane, Chief Economist at the Bank of England



Wednesday 22 March 2017

Department of Economics and Centre for Macroeconomics
Lecture, with the Stamp Memorial Lecture
["The State of Advance Economies: forces, interactions and uncertainties"](#)

Speaker: Professor Olivier Blanchard, Chief Economist of the IMF from 2008 to 2015, currently Fred Bergsten Senior Fellow at the Peterson Institute in Washington and Robert M Solow Professor of Economics emeritus at MIT



Thursday 23 March 2017

Economica-Coase Lecture 2017
["Breaking the Glass Ceiling" by Marianne Bertrand](#)

Speaker: Marianne Bertrand, Chris P. Dyalnas Professor of Economics at University of Chicago's Booth School of Business



Monday 24 April 2017

Department of Economics and Centre for Macroeconomics
Public Lecture
["The Facts Matter: from Policy to Politics"](#)

Speaker: Jean-Yves Duclos, Canadian Minister of Families, Children and Social Development



Wednesday 17 May 2017

Economica-Phillips Lecture 2017
["Why Are Some Times Different: Macroeconomic policy and the aftermath of financial crises"](#)

Speaker: Professor Christina D. Romer, Class of 1957 Garff B Wilson Professor of Economics at the University of California, Berkeley and former Chair of the Council of Economic Advisers in the Obama administration

Monday 12 June 2017

Department of Economics and Centre for Macroeconomics
Public Lecture
["The End of Globalisation, the Return of History"](#)

Speaker: Stephen D. King, senior economic adviser at HSBC, and specialist adviser to the House of Commons Treasury Committee





BSc Economics alumnus appointed Governor of the Reserve Bank of India

In September 2016, Urjit Patel, an alumnus of the Economics Department, was appointed Governor of the Reserve Bank of India (RBI), where he had been Deputy Governor since 2013. He will hold the post for three years.

Previously, Mr Patel worked on the USA, India, Bahamas, and Myanmar desks at the International Monetary Fund. He has also served on various government panels and as an advisor in the finance ministry. He has published widely on areas such as Indian macroeconomics, monetary policy, public finance, financial sector, international trade, and regulatory economics.

Mr Patel has a PhD in Economics from Yale University and an MPhil from the University of Oxford. He has been a non-resident Senior Fellow at the Brookings Institution since 2009.



New platform puts evidence research into the hands of decision-makers

In June 2017, Professor Robin Burgess announced the launch of VoxDev.org: a sister site to VoxEU.org, and a new platform for policymakers, practitioners, donors, the private sector, economists, and others interested in development to discuss key policy issues.

VoxDev aims to put evidence from decades of academic research into the hands of decision-makers in a way that is easily accessible, thereby encouraging the design and implementation of more evidence-based policy.

The site kicked off with articles on the consequences of demonetisation in India, the impact of trade and globalisation on developing countries, and the mechanics of a real estate bubble in China, authored by economists including Abhijit Banerjee (MIT), Pinelopi K. Goldberg (Yale University), and Edward Glaeser (Harvard University).



The VoxDev editorial board consists of Editor-in-Chief Tavneet Suri (MIT), Chang-Tai Hsieh (University of Chicago), and Chris Woodruff (University of Oxford). It is a collaboration between the Centre for Economic Policy Research, the International Growth Centre, and the Private Enterprise Development in Low Income Countries programme.

VoxDev is currently accepting column submissions, and is keen to commission articles, interviews, and videos featuring researchers' and practitioners' insights into development issues. For more information, please email the Editor at editor@voxdev.org



International Growth Centre

The International Growth Centre (IGC) is a research centre based at the London School of Economics and Political Science in partnership with the University of Oxford. It was launched in December 2008 and is funded by the Department for International Development.

Several members of the IGC are faculty members of the LSE Department of Economics, including its Executive Director, Professor Jonathan Leape, as well as Professors John Sutton and Robin Burgess (who sit on its Steering Group), and Programme Directors Tim Besley, Greg Fischer, Oriana Bandiera, Gerard Padro i Miguel, and Gharad Bryan.

The IGC runs 15 country offices in 14 partner states and directs a global network of over 1,000 researchers. IGC research is based around four research themes: states, firms, cities, and energy. These research programmes are led by 10 Research Programme Directors. Since its foundation the IGC has supported over 650 research projects. It has also responded to specific government requests for advice in countries such as Malawi, Afghanistan, and Sri Lanka.

The International Growth Centre (IGC) continues to engage at the heart of government to support our partner countries in Africa and South Asia in building their own paths out of poverty, connecting senior policy makers to world-leading research on economic development. We achieve this by collaborating closely with policymakers to identify critical gaps in policy knowledge, develop new research to address these needs, and help apply this evidence to policy decisions.

This year, the IGC achieved a new milestone in policy impact, with a total of 171 projects having a significant influence on policy discussions and decisions, up from 128 cases last year – reflecting the strength of our partnerships with policymakers and the quality and relevance of our research.

In 2016–17, our research projects influenced policymaking in areas such as promoting women in firms (Bangladesh), the importance of imports for firm competitiveness (Rwanda), urban youth unemployment (Ethiopia), modernising infrastructure (Pakistan), and civil service reform (Ghana).

We also received over 400 global media mentions, including articles featuring our research in the Economist and the New York Times, and opinion pieces in the Financial Times, the Guardian, and the New Statesman.

Impact Highlights in 2016/17

We have focused our research and policy engagement on the four key drivers of inclusive growth – productive firms, functioning cities, accessible and sustainable energy, and effective states.

Firms: our work focuses on job creation through policies designed to raise productivity and expand high value-added activities. In Rwanda, our research demonstrating the key role of imported inputs in making domestic firms competitive helped to inform the new “Made in Rwanda” initiative.

Cities: our research in Lusaka created a Geographic Information System (GIS) data set linking water disruptions to health and employment indicators, shedding new light on last mile problems in water and sanitation. Another project in Addis Ababa assesses how job-search support can help match businesses to young job-seekers. Its findings have directly influenced the World Bank’s social safety net programme in Ethiopia.

Energy: our research has shown how better monitoring of pollution in India can help reduce emissions and lower compliance costs to firms. In Africa, we're helping cities weigh the cost-benefit of introducing low-carbon measures to reduce emissions.

State effectiveness: our work is centred on how governments can best raise revenue to deliver the services necessary for growth. In Ghana, we are working closely with the Civil Service to understand the links between management practices and productivity in the public sector, and to integrate what we learn into training programmes and human resource policies.



New global initiatives

In 2016, we also launched two initiatives designed to amplify our work by helping policymakers to address state fragility, and develop cities that catalyse growth.

The **LSE-Oxford Commission on State Fragility, Growth and Development**, chaired by former UK Prime Minister David Cameron, sets out a new policy framework to guide national policy and international engagement on state fragility, drawing on a series of evidence sessions and reports. The Commission, which counts Professor Sir Paul Collier and LSE Economics Professor Tim Besley (above) as its academic directors, will encourage new research by highlighting critical gaps in knowledge about fragility.

The **Cities That Work** initiative brings together cutting-edge urban research with the practical insights of policy makers and practitioners to identify key policy lessons for developing country cities. The initiative is led by a Council chaired by Professor Ed Glaeser; current council members are Professor Sir Paul Collier, Professor Tony Venables, Patricia de Lille (the Mayor of Cape Town), and Executive Director of the Kampala Capital City Authority, Jennifer Musisi.

If you would like to find out more about how the IGC's long-term research and policy partnerships are helping governments make the policy decisions that can support sustained and inclusive economic growth, and lift millions out of poverty, please visit our website at www.theigc.org/



PhD student receives 2016 IPUMS Research Award for work on education and migration

Warm congratulations to Celine Zipfel, the winner of the 2016 IPUMS International Research Award in the Student Research category.

The Integrated Public Use Microdata Series (IPUMS) is the world's largest individual-level population database. It provides census and survey data from around the world integrated across time and space. IPUMS integration and documentation makes it easy to study change, conduct comparative research, merge information across data types, and analyse individuals within family and community context. IPUMS is a part of the Minnesota Population Center at the University of Minnesota and is directed by Regents Professor Steven Ruggles.

The IPUMS awards honour the best of 2016's published research and self-nominated graduate student papers that used IPUMS data to advance or deepen our understanding of social and demographic processes. IPUMS International harmonizes data contributed by more than 100 international statistical office partners; it currently includes information on 500 million people in more than 200 censuses from around the world, from 1960 forward.



Celine won the award for her paper, "The Effects of Free Primary Education on Occupational Choice and Internal Migration in Kenya, Malawi and Zambia". She used population microdata to evaluate the impact of the abolition of primary school fees, known as the Free Primary Education reforms, on individuals' future choice of occupation and internal migration decisions, and found that the reforms succeeded in raising primary school completion rates in all three countries; moreover, the Free Primary Education policies also led more people to enter non-agricultural sectors and migrate away from their region of birth.

Nobel Prize for Economics awarded to Visiting Centennial Professor Oliver Hart

On 10 October 2016, Professor Göran K. Hansson, Secretary General of the Royal Swedish Academy of Sciences, announced that the 2016 Nobel Memorial Prize in Economic Sciences had been awarded jointly to Professor Oliver Hart, Visiting Centennial Professor in the LSE Department of Economics and Andrew E. Furer Professor of Economics at Harvard.

Oliver shared the award for "contributions to contract theory" with Bengt Holmström of MIT. Together, the prize awarding body said, their work "lays an intellectual foundation for designing policies and institutions in many areas, from bankruptcy legislation to political constitutions".

Professor Leonardo Felli, Head of the LSE Department of Economics, was delighted by the news, noting that "Their analysis of the contractual relationship between individuals has enhanced our understanding of the inner functioning of modern firms, corporations and organizations, as well as providing a key insight into the basic contractual relationships between economic agents, the building block of all economic activities."

Professor Sir Christopher Pissarides, Nobel laureate and Regius Professor of Economics at the Department of

Economics at LSE, praised both Oliver's research and his collegiality: "Oliver has carved new areas of research in the theory of the firm, monopolistic competition, asymmetric information and contracts and has been instrumental in giving new directions to the work of Nobel laureates Ronald Coase and James Mirrlees. He has been a wonderful colleague here at LSE and has stimulated work in his area of research by students and faculty that will last for many years to come. This award brings a fully justified acknowledgment at the highest level for his many contributions to the profession."

Oliver works mainly on contract theory, the theory of the firm, corporate finance, and law and economics. His research centres on the roles that ownership structure and contractual arrangements play in the governance and boundaries of corporations. He is a member of numerous august societies, and holds several honorary degrees. He has also been president of the American Law and Economics Association, and a vice president of the American Economic Association.



"Oliver Hart joins the illustrious group of LSE faculty to have won the Nobel Prize. As someone who has collaborated with Oliver over 25 years, I can report some inside information: Oliver Hart is a genius, with a penetrating mind that reaches into the very depths of our subject. It has been my privilege to have worked alongside him, and to have done so at that greatest of institutions, the London School of Economics and Political Science."

**Professor John Hardman Moore,
Professor of Economic Theory in the
LSE Department of Economics**



Silvana Tenreyro appointed to the Monetary Policy Committee

The Chancellor has appointed Professor Silvana Tenreyro as an external member of the Monetary Policy Committee (MPC) for an initial three-year term, starting in July 2017. Silvana replaces Kristin Forbes, who stepped down at the end of her term of office on 30 June 2017.

The MPC meets eight times a year to set monetary policy to meet the inflation target. As one of the nine members of the MPC, Silvana will vote to decide the future path of UK monetary policy.

Silvana has been a member of the LSE Department of Economics since 2004, and was promoted to Professor in 2012. She works on questions in macroeconomics, growth, international economics, and monetary economics. She is also an academic visitor at the Bank of England.

Former members of the MPC with links to the LSE

Department of Economics include Willem Buiter, Charles Goodhart, Nemat "Minouche" Shafik (the new Director of the LSE), Mervyn King, Sir John Vickers, Sushil Wadhvani, Steve Nickell, and Tim Besley.

Professor Sir Charles Bean, who served on the MPC for 14 years during his time as Chief Economist and Deputy Governor at the Bank of England, welcomed the news:

"Silvana Tenreyro's appointment to the Bank of England's Monetary Policy Committee brings significant additional macroeconomic expertise, as well as sound judgement, to the Committee at a challenging juncture. She is a worthy addition to the long line of LSE faculty members, past and present, who have served on the Committee."

The Chancellor of the Exchequer, Philip Hammond, said:

I am delighted to appoint Professor Silvana Tenreyro as the new external member of the Monetary Policy Committee at the Bank of England. I am confident that Professor Tenreyro will be a strong addition to the MPC, bringing a wealth of economic experience and academic rigour to the Committee's deliberations.

Frank Anton Lecture Theatre named in recognition of scholarship gift

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In the summer of 2017, the Frank Anton Lecture Theatre in 32 Lincoln's Inn Fields was named in recognition of a generous legacy gift bequeathed by Dr Frank R Anton (BSc Economics 1950), which established a scholarship for graduate students in the LSE Economics Department.

Dr Anton was navigator of an RAF Lancaster bomber shot down over Germany in 1943 during the Second World War. Subsequently held captive in a prison camp for two years, he used this time to advance his education and develop his passion for economics. After the war, he was admitted to LSE and obtained his BSc in 1950.

"While a prisoner of war, someone lent Frank a very old book on economics – he said reading it was like a light being turned on," said Norman Smyth, Dr Anton's nephew.

"It explained that conflicts were often caused by dissatisfaction that had an economic basis, and he became determined to understand economics better."

After taking his Master's at the University of California Los Angeles, Dr Anton was awarded a PhD from the University of London in 1962. He helped to set up the first Economics Department at the new University of Calgary, was appointed its first head in 1967, and remained there until his retirement 20 years later.

Dr Anton sought to use the wealth he acquired to support others who wished to succeed in economics. As such, upon his death in 2015 and in keeping with his wishes, his estate was shared between LSE and the University of Calgary. The Frank Anton Scholarship at LSE ensures a PhD Economics student in financial

need is supported each year throughout their studies.

"Frank felt forever grateful to LSE for accepting him and giving him the good grounding in economics that enabled his future life to evolve," said Norman. "Without LSE he could never have risen to become the founder of the University of Calgary's Economics Department. He enjoyed interacting with students and helping them succeed, and he received tremendous satisfaction from contributing to a better understanding of economics."

He added: "Frank would be delighted to see that his legacy will continue in perpetuity, enabling others to achieve a career in economics."

"We are honoured and grateful for Dr Anton's generous gift. In a time when PhD funding is shrinking and assistance for this type of advanced study is dwindling, generous support like this is exactly what allows us to maintain the outstanding quality of our PhD programme and encourage young, talented students to join the academic profession and advance the most important frontier research in economics."

Professor Leonardo Felli, Head of the Department of Economics

Ricardo Reis joins new Swiss Re-LSE financial markets research programme

On 14 November 2016, LSE announced a formal partnership with Swiss Re, one of the world's largest reinsurers, to support an 18-month research programme on monetary policy and long-term investment.

The project is being led by Simeon Djankov, Executive Director of LSE's Financial Markets Group (FMG), who is the former Deputy Prime Minister and Minister of Finance of Bulgaria. Ricardo Reis, A W Phillips Professor of Economics at LSE, is contributing to the project as a researcher. Jerome Haegeli, Swiss Re's Head of Investment Strategy at Group Asset Management is collaborating on the project with the aim to support a resilient financial market system.

It will examine two key questions. The first concerns the structure of central bank balance sheets in the future and the corresponding implications regarding their contribution to a well-functioning financial market. The structure of central bank balance sheet has changed substantially since the Global Financial Crisis, both in terms of the composition and the size of assets and liabilities. During the crisis, many major central banks expanded their asset holdings in efforts to supply monetary accommodation and support economic activity. Some central banks continue in this direction.

Looking ahead, population trends and low levels of productivity growth are raising questions as to whether the equilibrium, or natural, real interest rate is lower. In a persistently low interest rate environment, central banks may turn more frequently to their balance sheet as an instrument of policy, raising questions both about the type of assets to hold and structure of liabilities.



The second will research the effect of loose monetary policy on structural reforms across Europe. The Eurozone crisis has shown significant vulnerabilities in the European social model. Europe is home to only 8 per cent of the world's population, yet it produces 50 per cent of all social payments (public pensions, healthcare benefits, maternity leave and associated benefits, public education) globally.

These social benefits come at a large cost, typically covered by high taxation and chronic budget deficits. The latter have increased public debt in some Southern and Western European countries to dangerously high levels, even prior to the Eurozone crisis. The resulting fiscal tightening has gone along with pursuing structural reforms in public finances and social sectors across Europe. In 2010-2012, for example, two-thirds of European Union members have managed at least one significant structural reform. Since then, the increasingly loose monetary policy of the ECB has slowed down progress. In some cases, for example Italy, previously-initiated reforms were aborted.

The loose monetary policy has allowed government to borrow at essentially no cost, reducing their incentive to modernise the social sectors. There are some differences across Europe, especially among Eurozone and non-Eurozone countries. These differences can be exploited to conduct comparative analysis on the effects of loose monetary policy on structural reforms.

The partnership was launched with a financial markets roundtable discussion at LSE, at which preliminary results from the two research themes were presented. You can read a summary of the discussion on the FMG website at lse.ac.uk/fmg/

Alan Manning appointed as Chair of UK government's Migration Advisory Committee

Professor Alan Manning has been appointed by the Home Secretary as chair of the Migration Advisory Committee (MAC) for a three year term. He replaces former chair Professor Sir David Metcalf, whose term of office has come to an end.

The MAC is an independent, non-statutory, non-time limited, non-departmental public body that offers the government independent advice on migration issues. Its reports and recommendations are widely covered in the media, and it has often influenced government policy. It is made up of a chair and three other independent economists. Alan is a Professor of Economics in the Department of Economics, and Director of the Community Programme at the Centre for Economic Performance (CEP). His thirty year career has centred on labour markets in general, imperfect competition, minimum wages, job polarisation, immigration, and gender.

Speaking of his appointment, he said, "I am delighted to have been appointed chair of the Migration Advisory Committee. As a committee member since 2015, I have



engaged closely with the MAC's work and I look forward to taking up this leadership position. I pay tribute to my predecessor's role in establishing the MAC as an effective, authoritative body. I look forward to leading this distinguished team of experts. We are keen to continue providing advice on migration."

“ The preliminary research clearly shows that governments opt for the easy path out when offered a choice between structural reforms and cheap additional debt. This result holds both in advanced and in developing economies. Europe after 2012 is a striking example of how loose monetary policy can slow down reforms. ”

Simeon Djankov, Executive Director of LSE's Financial Markets Group

“ With central banks' current large balance sheets, monetary policy decisions now have implications for financial markets through a host of varied and novel channels; exploring them is an exciting research agenda. ”



Ricardo Reis, A W Phillips Professor of Economics, LSE Department of Economics

“ Central banks' dominant role in financial markets is not sustainable. The costs are outweighing the benefits. Low interest rates result in a “tax” on savers and long-term investors alike. To increase financial market resilience, private capital markets should be strengthened. The allocation of private sector's risk capital is distorted and not put to best use for financing the real economy. ”

Jerome Haegeli, Swiss Re's Head of Investment Strategy at Group Asset Management

HIPSTERS AND SPIKES: ECONOMICS STUDENT'S PRIZEWINNING EMPIRICAL STUDY OF DEFENSIVE ARCHITECTURE

BSc Economics student Robert Clark was amongst the group of students awarded the first Booth Prize at the LSE Research Festival on 3 November 2016 for their paper on defensive architecture. As well as winning the Booth Prize, the paper was also awarded two prizes at the LSE GROUPS conference: the Best Presentation prize, and the Popular prize.

The Booth Prize was launched to coincide with the Booth exhibition in the LSE library, and the Charles Booth Centenary Lectures sponsored by the International Inequalities Institute at the LSE. The group's project "Hipsters and Spikes: mapping gentrification and defensive architecture in Tower Hamlets" investigated the link between defensive architecture (eg, homeless spikes) and gentrification. It was the first empirical study of defensive architecture.

The students – Robert Clark, Tatiana Pazem, Sofia Lesur Kastelein, Sally Park, and Xinyang Li – used mapping software to map defensive architecture and different measures of gentrification (LSOA data on house prices, and also mapping coffee shops and restaurants), and attempted to identify any links between the two, whilst using qualitative approaches (semi structured interviews and surveys)

to assess the effect the changes has had on communities.

Robert was excited by the opportunity to work with students from across the LSE: "We are all from different disciplines so it was a great opportunity for cross-collaboration. We wanted to make a link between defensive architecture – spikes and other devices – and gentrification because these are two big issues that are growing in importance. We produced maps inspired by Booth's maps to illustrate our research."

The judges felt the project echoed both the themes and methods of Charles Booth's pioneering work, combining state of the art mapping techniques with qualitative research to enhance our understanding of how inequality is formed in urban contexts.

Robert also attended the British Conference of Undergraduate Research in April 2017 on behalf of his co-authors. They are currently revising the paper for publication.

LSE Groups is an initiative that offers undergraduates an opportunity to do original research under the guidance of research students. During it, small groups of students from mixed disciplines spend two weeks working in, with a supervisor, to devise a research question, carry out a literature review, collect and analyse data, and write and present a research paper.

Regarding his experience of being part of LSE GROUPS project, Robert said, "I found this an incredibly challenging, but also rewarding experience. Being my first real experience of carrying out research I found the experience to be a massive learning curve, but it also meant I gained a lot. With applications open for LSE GROUPS that will be running next term on a weekly basis instead of two consolidated weeks, I would highly recommend other students get involved in what I found to be a fantastic opportunity."



In January 2016, the Department of Economics relaunched *Economica*, our in-house peer-reviewed academic journal, and appointed a new editorial team from the Department of Economics' faculty. Chaired by the Head of Department, the team comprises Professors Nava Ashraf, Oriana Bandiera, Tim Besley, Francesco Caselli, Maitreesh Ghatak, Stephen Machin, Ian Martin (Finance), and Gianmarco Ottaviano.

The journal was founded in 1921, and in its time, has published some of the most influential papers in economics of the twentieth century. It has also inspired a public lecture series held annually at the LSE: the *Economica* Coase-Phillips Lectures, named for Bill Phillips, whose "Phillips Curve" article was the most heavily-cited macroeconomics title of the 20th century; and Ronald Coase, who won the Nobel Prize for his work on the theory of the firm which began with his 1937 *Economica* article.

This year's lecturers were renowned applied micro-economist Marianne Bertrand, who gave the Coase lecture on women's equality and the economics of breaking the "glass ceiling", and Professor Christina D Romer of UC Berkeley, who gave



Christina D Romer

Economica Phillips Lecture on macroeconomic policy and the aftermath of financial crises. We look forward to publishing their papers in 2018.

Economica welcomes high-quality contributions which are of interest to general readers from all fields of the international research community. There is no submission fee. To submit a paper to the journal please go to the online submission page. For further information please visit Wiley Online Library's website.

ECONOMICA COASE-PHILLIPS LECTURES

This year's lecturers were renowned applied micro-economist Marianne Bertrand, who gave the Coase lecture on women's equality and the economics of breaking the "glass ceiling", and Professor Christina D Romer of UC Berkeley, who gave *Economica* Phillips Lecture on macroeconomic policy and the aftermath of financial crises. We look forward to publishing their papers in 2018.



Marianne Bertrand

The 2016 *Economica* Coase-Phillips Lecture papers by Robert Pindyck and Robert E Hall respectively can be found in *Economica*, Vol 84 Issue 335, July 2017.



SPECIAL ISSUE ON INEQUALITY

In April 2017 we published a special issue on the causes, consequences and measurement of inequality to commemorate Frank Cowell's contribution to *Economica* as Editor from 1982 to 2015.

Frank, who joined the Department in 1977, has published widely in the fields of income and wealth

distribution, taxation issues, and inequality and poverty. His dedication to the journal, and his efforts to maintain its standing as a general interest outlet for good quality research was been evident throughout his tenure as editor, providing a solid platform upon which the new editorial team has been able to build.

LSE Department of Economics announces creation of new Chairs



The A W Phillips Chair in Empirical Macroeconomics

A new Chair – the A W Phillips Chair in Empirical Macroeconomics – was created by LSE in 2016 to honour A W Phillips (1914-75), who was a student at LSE from 1946-49 and a member of staff from 1950-67. “Bill” Phillips’ research uncovered one of the most famous relationships in macroeconomics, the Phillips curve, and he was also famous for building the MONIAC machine to assist in teaching the Keynesian model.

The inaugural holder of the A W Phillips Chair is Professor Ricardo Reis.



Anthony Atkinson Chair in Economics

The Anthony Atkinson Chair in Economics was created in 2017 in memory of Professor Anthony Atkinson who died in January this year. Tony Atkinson was one of the most distinguished economists of the 20th and 21st centuries. He profoundly influenced our thinking on poverty, inequality, mobility, public policy and the economics of growth.

He joined the Economics Department first as the Tooke Professor of Economic Science and Statistics from 1980-1992 and then as Centennial Professor from 2010. He was chairman of STICERD between 1981 and 1987 and an active affiliate for the following 30 years.

Professor Oriana Bandiera, Professor of Economics and Director of STICERD, is the inaugural holder of the Anthony Atkinson Chair.



The Centre for Economic Performance (CEP) was founded by Lord Richard Layard (LSE Emeritus Professor) in 1990; it aims to produce and promote world class research that can change the world. The Centre is home to much of the applied microeconomic research carried out at LSE and studies the determinants of economic

performance of individuals, companies, the nation and the global economy. To do this, it focuses on connections between globalisation, technology and institutions (in particular those in the education and the labour market) and their respective impacts on wages, productivity, inequality and wellbeing.



POLITICAL TURMOIL

In his first year as Director of the Centre for Economic Performance (CEP), Professor Stephen Machin has steered us through the near 12 months of political turmoil (including the US and UK elections and 2016's EU Referendum), providing research-based analysis and evidence to politicians, media pundits and the public alike.

Within weeks of the election being called – and in quick response to the claims made in party manifestos – we launched a new series of 2017 General Election Briefings covering some

of the most pressing areas of public policy: education, immigration, climate change, business and infrastructure, real wages and living standards, health and wellbeing and trade.

LSE GROWTH COMMISSION REPORT ON UK GROWTH

Long before the election was announced, the LSE Growth Commission, re-established in 2016, and co-chaired by LSE Economics Professors Tim Besley, Stephen Machin and Nicholas Stern,

had outlined an achievable industrial strategy for the UK post-Brexit in the report *UK Growth: A New Chapter*, published in February 2017.

The Commission's report drew on evidence given in five public sessions by business leaders, academics, policy makers and other stakeholders in the UK economy. It offered a new blueprint for inclusive and sustainable growth, offering policy recommendations in four key areas: labour markets and inclusive growth; industrial strategy; openness; and finance and growth.

POST-BREXIT RESEARCH

In April 2017, the Economic and Social Research Council (ESRC) announced funding for new research projects focusing on the process and consequences of the UK leaving the European Union, two of which were awarded to CEP researchers with positions in the Economics Department: Dr Thomas Sampson's "The economics of Brexit: building a bridge from data to policy analysis", and Dr Swati Dhingra's "The microeconomic consequences of Brexit".

APPOINTMENTS AND HONOURS

CEP academics and researchers continue to engage with journalists, the public and policy makers often with direct involvement. Professor Alan Manning was appointed Chair of the Migration Advisory Committee (MAC) by the Home Secretary in November 2016. Long-time CEP member Professor David Metcalf was appointed as the first Director of Labour Market Enforcement in January 2017, tasked with overseeing a government crackdown on exploitation in the workplace when appointed as first Director of Labour Market Enforcement in January 2017.

Two CEP Associates – Professors Paul Cheshire and John Van Reenen – were recognized in the New Year's Honours List: Paul Cheshire was awarded a CBE for services to economics and housing and John Van Reenen was awarded an OBE for services to economics and public policy making.

WANT TO KNOW MORE?

The immediate impact of the strong research coming out of CEP is evident as our work is frequently referred to in both the general and social media, and cited by MPs during parliamentary debates. We have a healthy media profile, and our research papers continue to be published in all of the leading academic journals.

You can find out more about our current research in *CentrePiece Magazine*, our thrice yearly Economist-style magazine. The next issue will be available 1 November 2017. For all back issues see

<http://cep.lse.ac.uk/centrepiece/backissues.asp>



WILLIAM BAUMOL, 1922-2017



William Baumol, one of our most distinguished PhD alumni, sadly passed away in May 2017 at the age of 95. He was a Professor of Economics at New York University, Academic Director of the Berkley Center for Entrepreneurship and Innovation, and Professor Emeritus at Princeton University.

Described by Joseph Stiglitz as one of the most influential economists in the world, Baumol wrote extensively about labour market, the theory of entrepreneurship and the history of economic thought. His most famous economic theory, "Baumol's cost disease", provides a critically important insight into today's economy by explaining why the cost of services rises faster than the cost of goods.

He is survived by his wife of 75 years, Hilda, and two adult children, Daniel Baumol and Jasmine Wolf.

When Baumol first applied to the doctoral studies programme at the LSE in 1946, he was initially rejected on the grounds that the admissions panel had never heard of the City of New York College, where he had taken his BSc. He applied again the following year to the Master's, and was admitted, but within weeks of arriving, he was transferred to the PhD. In an interview with Alan Krueger, published in the *Journal of Economic Perspectives* in 2001, William Baumol gives his own account of what happened:

"Lionel Robbins ran a seminar in which animated discussion was the name of the game. Well there was no place like the City College for dirty debating as a blood sport... The Oxford Debating Society was composed of amateurs and children by our standards. So just by instinct, whenever I disagreed with something I would wait for the appropriate moment and come in charging with my sword drawn, and they'd never seen anything like it. So quite unjustifiably, given what I knew at the time, within two weeks, I believe it was, I was switched from a Master's to a PhD, and three weeks later, I was a member of faculty."

His description of his PhD oral examination also gives us a rare glimpse into an LSE that has vanished.

"I ended up with the longest and most delightful PhD oral, I think, in the history of the subject. At that time, PhDs were things that were given only to crazy Americans. I was a member of the faculty, and we had my PhD oral over whiskies and sodas at the Reform Club. It lasted five hours, and then we all looked at our watches, decided our wives must be getting worried, so we all voted, including me, and the thing was over. Then I got home and my wife, Hilda, said, "Did you pass?" I said, "I have no idea."

Krueger, Alan, "An Interview with William Baumol", *Journal of Economic Perspectives* Volume 15 Number 3 Summer 2001, pp212-213.

SOCIAL MEDIA UPDATE

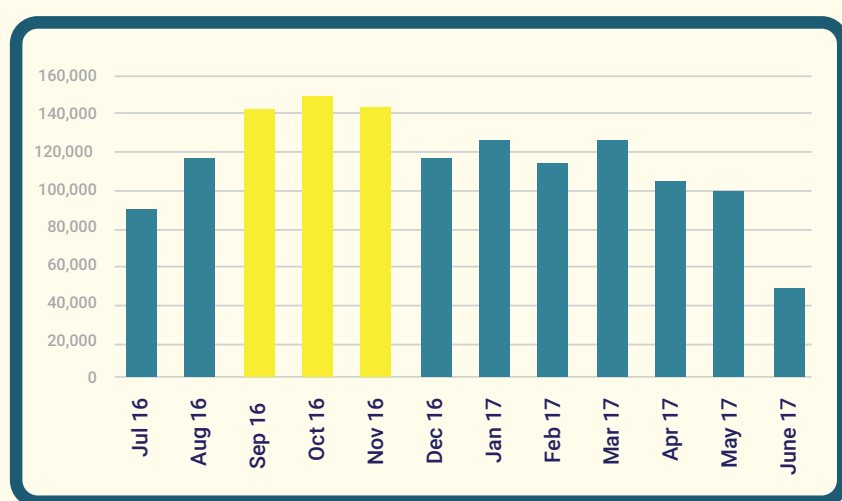
ECONOMICS WEBSITE

Unique hits July 2016 – June 2017

1,328,129

MOST POPULAR PAGES

1. Homepage
2. Prospective Students – MSc Programmes
3. Faculty Listings
4. Job Market Candidates
5. Prospective Students – Research Programmes

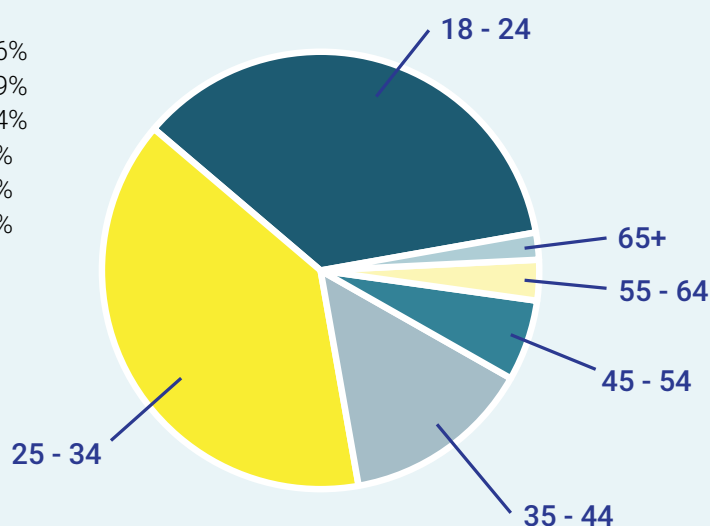


MOST HITS:

June 2017: 46,167
 May 2017: 95,360
 April 2017: 101,094
 March 2017: 122,373
 February 2017: 110,107
 January 2017: 122,287
 December 2016: 112,468
 November 2016: 138,750
 October 2016: 144,405
 September 2016: 137,179
 August 2016: 112,115
 July 2016: 85,824

USER AGE

18-24: 36%
 25-34: 39%
 35-44: 14%
 45-54: 6%
 55-64: 3%
 65+: 2%



USER LOCATION

1. UK 36%
2. USA 13%
3. India 6.5%
4. China 3.5%
5. Italy 3%
6. Rest of the world: 38%

GENDER:



36%



64%



FACEBOOK (LSEECONOMICS)

1. LSEEcon Alumni – for Economics alumni
2. MSc Economics/MSc Econometrics – for MSc Economics and MSc EME students: 2013 onwards
3. MRes/PhD Economics 2017/18
4. LSE Macroeconomics

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YOUTUBE (ECONOMICSLSE)

Videos of Economics Public Lectures 2016-2017:

- Rayn Avent | The Wealth of Humans: work, power, and status in the twenty-first century | [2,597](#)
- Kenneth Rogoff | The Curse of Cash | [3,479](#)
- Mark Carney | Policy Issues Affecting the Bank of England | [1,405](#)
- Politics after Brexit and Trump: Rick Pildes in conversation with Mervyn King | [3,394](#)
- Ann Pettifor | The Production of Money: how to break the power of bankers | [3,438](#)
- Olivier Blanchard | The State of Advanced Economies | [1,365](#)
- Andrew G Haldane | The Productivity Puzzle | [1,657](#)
- Dr Jean-Yves Duclos | The Facts Matter: from policy to politics | [1,040](#)
- 2017 Economica Coase Lecture by Professor Marianne Bertrand | Breaking the Glass Ceiling | [824](#)
- Stephen D King | The End of Globalisation, the Return of History | [864](#)

MOST POPULAR VIDEOS TO DATE

1. China's Role in the Global Economy: myths and realities | Keyu Jin | Jan '14 | [46,095](#)
2. The Economist as Philosopher: Adam Smith and John Maynard Keynes on human nature, social progress and economic change | Nicholas Phillipson, Lord Skidelsky | October 2010 | [41,933](#)
3. Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics | Daniel Stedman Jones, Mark Pennington, Professor Lord Skidelski | January 2013 | [32,360](#)
4. What should economists and policymakers learn from the financial crisis? | Ben S Bernanke, Olivier Blanchard, Professor Lawrence H. Summers, Axel A. Weber | March 2013 | [22,402](#)
5. Superfreakonomics | Stephen J Dubner, Steven D Levitt | November 2009 | [18,634](#)

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SELECTED PUBLICATIONS

For space reasons, we are unable to include all of the papers published by our faculty during the academic year ending 31 July 2017. Please refer to the personal webpages of individual faculty members for detailed lists of their published and unpublished work.

Professor Philippe Aghion

Creative Destruction and Subjective Well-Being (with U Akcigit, A Deaton and A Roulet). *American Economic Review* Vol 106 No 12 (2016).

Inducing Leaders to Take Risky Decisions: Dismissal, Tenure, and Term Limits (with M O Jackson). *American Economic Journal: Microeconomics* Vol 8 No 3 (2016).

Professor Nava Ashraf

Infrastructure, Incentives, and Institutions (with E L Glaeser, and G A M Ponzetto). *American Economic Review: Papers & Proceedings* Vol 106 No 5 (2016).

Dr Esteban Aucejo

University Differences in the Graduation of Minorities in STEM Fields: Evidence from California (with P Arcidiacono, and J Hotz). *American Economic Review* Vol 106 No 3 (2016).

Identification on Regressions with Missing Covariate Data (with F Bugni and J Hotz). *Econometric Theory* Vol 33 No 1 (2017).

Professor Sir Charles Bean

Living with Low for Long. *Economic Journal* Vol 126 (2016).

Dr Gianluca Benigno

Optimal Capital Controls or Exchange Rate Policies? A Pecuniary Externalities Perspective (with H Chen, C Otrok, A Rebucci, and E Young). *Journal of Monetary Economics* Vol 84 (2016).

Professor Tim Besley

Resilient Leaders and Institutional Reform: Theory and Evidence (with T Persson and M Reynal-Querol). *Economica* Vol 83 No 332 (2016).

Public-Private Partnership for the Provision of Public Goods: Theory and an Application to NGOs (with M Ghatak). *Research in Economics*, Vol 71 No 2 (2017).

Professor Francesco Caselli

Resource Windfalls, Political Regimes, and Political Stability (with T Andrea). *Review of Economics and Statistics* Vol 98 No 3 (2016).

Professor Frank Cowell

Inequality with Ordinal Data (with E Flachaire). *Economica* Vol 84 No 334 (2017).

Dr Andrew Ellis

Correlation Misperception in Choice (with M Piccione). *American Economic Review* Vol 107 No 4 (2017).

Professor Leonardo Felli

Collusion, Blackmail and Whistle-Blowing (with R Hortala-Vallve). *Quarterly Journal of Political Science* Vol 11 No 3 (2016).

Professor Luis Garicano

Firm Size Distortions and the Productivity Distribution: Evidence from France (with C Lelarge and J Van Reenen). *American Economic Review* Vol 106 No 11 (2016).

Survive Another Day: Using Changes in the Composition of Investments to Measure the Cost of Credit Constraints (with C Steinwender). *Review of Economics and Statistics* Vol 98 No 5 (2016).

Professor Alessandro Gavazza

An Empirical Equilibrium Model of a Decentralized Asset Market. *Econometrica* Vol 84 No 5 (2016).

A Structural Model of the Retail Market for Illicit Drugs (with M Galenianos). *American Economic Review* Vol 107 No 3 (2017).

Professor Maitreesh Ghatak

Credit Market Frictions and Political Failure (with M Aney and M Morelli). *Journal of Monetary Economics* Vol 81 (2016).

Public-Private Partnership for the Provision of Public Goods: Theory and an Application to NGOs (with T Besley). *Research in Economics*, Vol 71 No 2 (2017).

Professor Javier Hidalgo

Inference and testing breaks in large dynamic panels with strong cross sectional dependence (with M Schafgans). *Journal of Econometrics* Vol 196 No 2 (2017).

Professor Henrik Kleven

Bunching. *Annual Review of Economics* Vol 8 (2016).

Gender Inequality and Economic Development: Fertility, Education, and Norms (with C Landais). *Economica* Vol 84 No 334 (2017).

Extrinsic and Intrinsic Motivations for Tax Compliance: Evidence from a Field Experiment in Germany (with N Dwenger, I Rasul and J Rincke). *American Economic Journal: Economic Policy* Vol 8 No 3 (2016).

Dr Camille Landais

Gender Inequality and Economic Development: Fertility, Education, and Norms (with H Kleven). *Economica* Vol 84 No 334 (2017).

Dr Matthew Levy

An Alternative to Signalling: Directed Search and Substitution (with B Szentes). *American Economic Journal: Microeconomics* Vol 8 No 4 (2016).

Exponential-Growth Bias and Lifecycle Consumption (with J Tasoff). *Journal of the European Economic Association* Vol 14 No 3 (2016).

Dr Guy Michaels

Is Modern Technology Responsible for Jobless Recoveries? (with G Graetz). *American Economic Review Papers & Proceedings* Vol 107 No 5 (2017).

Professor Michele Piccione

Correlation Misperception in Choice (with A Ellis). *American Economic Review* Vol 107 No 4 (2017).

Professor Steve Pischke

Undergraduate Econometrics Instruction: Through our Classes, Darkly (with J Angrist). *Journal of Economic Perspectives* Vol 31 (2017).

Dr Thomas Sampson

Balanced Growth Despite Uzawa (with G Grossman, E Helpman and E Oberfield). *American Economic Review* Vol 107 No 4 (2017).

Dr Marcia Schafgans

Inference and testing breaks in large dynamic panels with strong cross sectional dependence (with J Hidalgo). *Journal of Econometrics* Vol 196 No 2 (2017).

Dr Johannes Spinnewijn

Rewarding Schooling Success and Perceived Returns to Education: Evidence from India (with S Sequeira and G Xu). *Journal of Economic Behavior and Organization* Vol 131 (November 2016).

Heterogeneity, Demand for Insurance and Adverse Selection. *American Economic Journal: Economic Policy* Vol 9 No 1 (2017).

Professor Balazs Szentes

Dynamic Contracting: An Irrelevance Result (with P Eso). *Theoretical Economics* Vol 12 (2017).

An Alternative to Signalling: Directed Search and Substitution (with M Levy). *American Economic Journal: Microeconomics* Vol 8 No 4 (2016).

Professor Silvana Tenreyro

Pushing on a String: US Monetary Policy Is Less Powerful in Recessions (with G Thwaites). *American Economic Journal: Macroeconomics*, Vol 8 No 4 (2016).

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LSE Research Online is the School's repository for research produced by LSE staff, including journal articles, datasets, book chapters, books, working papers, conference papers, research blogs, newspaper articles, etc.

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STUDENT AWARDS AND PRIZES

We would like to extend our warmest congratulations to all of the following students, who were awarded departmental prizes, scholarships and external awards for outstanding performance in their exams or written work in Michaelmas Term 2016.

BSC PRIZES AND AWARDS

Allyn Young Prize

Bo Wei Ooi, BSc in Economics

Wen Yang Lionel Tye, BSc in Economics

Dilys Yi Lin Yeo, BSc in Economics

Economics Examiners Prize

First year – Edward Chuan Jun Chai, BSc in Economics

Second year – Bo Wei Ooi, BSc in Economics

Gonner Prize

Qingyang Liao, BSc in Economics

Maria Hui Xin Tan, BSc in Economics

J R (Bob) Gould Prize

Aaron Luke, BSc in Economics

Premchand Prize

Maria Hui Xin Tan, BSc in Economics

Rishi Madhani Award

Grace Jia En Sum, BSc in Philosophy and Economics

Departmental Introduction to Econometrics Prize

Wen Yang Lionel Tye, BSc in Economics

Departmental Principles of Econometrics Prize

Bo Wei Ooi, BSc in Economics

MSc PRIZES AND AWARDS

Ely Devons Prize for Outstanding Performance in the MSc Econometrics and Mathematical Economics Programme

Xitong Hui, MSc Econometrics and Mathematical Economics



Federico Rossi, PhD student in the LSE Department of Economics, with Joseph E Stiglitz at the 2017 International Economic Association World Congress in Mexico. Federico was awarded the third Stiglitz Essay Prize by the IEA for his essay "The Inequality of Educational Opportunities: Microeconomic Barriers with Macroeconomic Costs".

Sir John Hicks Prize for Outstanding Performance in the MSc Economics Programme

Pablo Anton Arnal, MSc Economics

MRes/PHD PRIZES AND AWARDS

Sir John Hicks Prize for Outstanding Performance in MRes Examinations

Chen Qiu, MRes/PhD in Economics

Sir John Hicks Prize for an Outstanding Doctoral Dissertation

Erika Deserrano, PhD in Economics

Andrea Lanteri, PhD in Economics

LSE CLASS TEACHER AWARDS

Thomas Dreschel

Dita Eckhardt

Katarzyna Krajniewska

William Matcham

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