

Economics Newsletter

Faculty of Economics, University of Cambridge

Lent Term

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Highlights of this term's issue:

- Front Page: Professor Neville Norman
- Personal Profile: Dr Toke Aidt
- Teaching and Learning Matters
- Publications
- New Research Projects

Welcome from the Editor

A Happy New Year to everyone in the Faculty and the Marshall Library. A warm welcome, too, to all those joining us this academic year.

In this issue of the *Newsletter*, as well as the usual items, you will find profiles of Toke Aidt (about to desert us for Harvard, for a time) and Neville Norman, who has been visiting us from the University of Melbourne (having avoided conflict of interest had he been at Melbourne Cricket Ground for the Fourth Ashes Test).

One of this year's highlights will be the Marshall Lectures 17-18 May 2011, to be

given by Nobel Laureate James Heckman of the University of Chicago.

On a sombre note, it is sad to record the death of Brian Deakin on 4 December last, two months short of his 89th birthday. Brian, a Fellow and Senior Tutor of Magdalene College, was for many years a senior member of the Department of Applied Economics, and served as its Assistant Director for a time. An empirical applied economist with a broad field of interests, his work in the DAE concentrated mainly on transport and labour market economics. We will include a fuller note in a future newsletter.

I am very glad to say that Yvonne Gibbs, in the Faculty's Research Office, is joining me as co-editor of the *Newsletter*. We are starting work now on this year's *Alumni Newsletter*, for publication in October. We thank you for sending us your news and other items of interest. Please keep them coming for the next issue.

Tony Cockerill

Professor Neville Norman



'Being ready for the high jump' is a feeling shared by many economists, whether waiting for exam results or the comments of journal referees, or anticipating the reaction to the failure of their latest forecasts. In Neville Norman's case – he has been visiting the Faculty on leave from the University of Melbourne – the metaphor is a reality.

Coming first to the Faculty in Cambridge from Australia as a doctoral candidate in 1970, he earned a full Blue in the High Jump in three consecutive years from 1971. His enthusiasm endures – although, sadly, not his agility: he is coaching this year's University team.

Also enduring is his interest in the empirical study of industrial pricing, the topic of his PhD thesis and on which he is now working with Ken Coutts. Neville's early work contributed to Ken's later collaboration with Wynne Godley and Bill Norhaus (Coutts, Godley and Nordhaus 1978).

Together with Ken, Neville has developed a comprehensive and uniquely integrated database relating to UK industrial prices, linking ONS data on domestic prices with trade data on export and import prices. He is clear that the failure to do this effectively in the past has contributed to serious analytical

flaws.

He is working on the analysis and interpretation of his freshly completed data set, which matches a similar one he has built for Australian industrial prices. The analysis so far largely confirms his earlier work with Ken (Coutts and Norman 2007). Movements in British industrial prices are 'explained' statistically mainly by movements in unit costs and, in some sectors, also by the competing prices of imports. The influence comes principally from the cost, rather

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Professor Neville Norman (continued from page 1)

than the demand, side, and leads to domestic and international prices diverging. Exchange rate, tariff and world-price movements have only a limited effect in encouraging convergence.

Neville and Ken's work is informing our understanding of the forces driving industrial price movements in Britain and the consequences for inflation and economic growth. The outcome may cause some policymakers and analysts to jump but not, surely, the authors.

Coutts, K, W. Godley and W. Nordhaus (1978). *Industrial Pricing in the United Kingdom*. Department of Applied Economics Monograph 26, Cambridge: CUP.

Coutts, K and N. Norman (2007). 'Global influences on UK manufacturing prices 1970-2000. *European Economic Review* 51, 1205-1221.

Tony Cockerill

Learning and Teaching Matters

The Economics Tripos

About 170 new students began the Economics Tripos in October, in line with numbers for recent years. Whilst the structure and content of the Tripos is largely unchanged this year, steps are being taken to improve its provision and to enhance the student experience, drawing on the recommendations of the Working Party on Tripos Teaching, which was set up in November 2009 and reported last May.

The Working Party took particular account of student views obtained both from the University's recent annual National Student Surveys and from our own regular end-of-term and end-of-course surveys. These have indicated that, while our students are generally satisfied with the quality and intellectual value of their Cambridge experience, they feel improvements can be made in the quality of teaching, as they perceive it, and in the acquisition and use of feedback from them. Some also express concern about workload pressures.

The Working Party recognise that, while the high standard and workload

demanding by the Tripos is appropriate for the very best candidates, it is challenging and to an extent demoralising for others. The Report does not recommend a significant restructuring of the Tripos but suggests rather that in some papers the expected standards and workload should be appropriate for undergraduates as a whole; that appropriate undergraduate texts should be recommended, and that more emphasis should be placed on empirical analysis and interpretation. Importantly also, the Report recognises that sufficient distance needs to be kept between the content and level of the final year of the Tripos and the requirements of the revised and expanded MPhil programme.

Separately, but with these recommendations in mind, consideration is being given this year to reducing and standardising the typical number of questions on Tripos examination papers. Looking to the medium term, anticipated developments in Faculty member recruitment and in retirements mean that Part IIB Paper 11, Time-series Analysis and Financial Econometrics will be put in abeyance with effect from

Academic Year 2011-2012.

MPhil Programme

The first year of the two-stream MPhil programme – Economic Research and Economics – got off to a good start with the recruitment of around 110 candidates, somewhat ahead of the target. One consequence of this for Faculty members is that the allocation of dissertation topics for supervision and for examination will need to be on a more structured and formal basis than in the past, to make sure both that students receive appropriate guidance and that the workloads of UTOs are as equitable as possible.

Of the optional courses, the most heavily subscribed on the basis of current expressed preferences are:

- For advanced courses: Microeconomics II, and Macroeconomics II
- For applied courses: Applied Econometrics
- For specialist courses: Asset Pricing, International Finance, and Behavioural Economics

Tony Cockerill

New Econometrics Prize

The Econometrics Journal on behalf of the Royal Economic Society has established **The Denis Sargan Econometrics Prize**.

The prize will be awarded for the best (unsolicited) article published in *The Econometrics Journal* in a given year by anyone who is within five years of being awarded their doctorate. An honorarium of £1000 will be awarded to the winning author.

The winner of **The Denis Sargan Econometrics Prize** will be chosen by the Managing Editor and Co-Editors of *The*

Econometrics Journal Editorial Board and the prize awarded in the year following publication of the winning article. The team judging the awards will be: Managing Editor Richard J. Smith, University of Cambridge and Co-Editors Jaap Abbring, Tilburg University, Jianqing Fan, Princeton University, Oliver Linton, London School of Economics, and Pierre Perron, Boston University.

The first award of the prize will be for an article published in *The Econometrics Journal* during 2011. For more information, please visit www.ectj.org.

Personal Profile

Tony Cockerill talks with Toke Aidt

Toke Aidt, Senior Lecturer in Economics and Fellow of Jesus College, came to Cambridge in 1998 after gaining his first degree and his doctorate in Economics at the University of Aarhus in his native Denmark. His research interests are in Political Economics, which he defines carefully as covering:

- The effect of policy (for example, taxes) on behaviour
- Choice of the correct policy instruments to achieve optimal outcomes
- Recognition that desired optimal outcomes go beyond the social welfare maximisation of conventional welfare economics
- Study and quantification of the political decision-making process, particularly in his case the impact of lobbying and pressure groups.

The political process modifies and can attenuate the market mechanism. Developed and encouraged to operate appropriately, it can contribute to the internalisation of both positive and negative externalities that the market mechanism alone would fail to incorporate. And it will do it in the most efficient way from society's point of view.

Toke quotes environmental policy issues as an example, comparing the effectiveness of taxation on the one hand with tradable permits on the other in attaining socially optimal levels of carbon and other emissions. Taxation he characterises as an intervention, beloved of Cambridge economists from Pigou onwards, which requires the cost of the externality to be valued precisely in order that the tax can perform its behaviour-changing role, rather than its revenue-generating one, effectively. Tradable permits, by contrast, are a market-based incentive that will in ideal circumstances bring private and social marginal costs into balance through the process of value and exchange.

Incentive-based policy instruments, moreover, can stimulate economic growth by encouraging adaptation and innovation. Toke's metaphor here is a pizza: effective re-distribution can make sure everyone has a slice, but it is the efficiency of production that makes the pizza bigger.

But for the political process to do its job in choosing and using the correct instruments to bring about an efficient market outcome, the various interest groups need to be evenly balanced so as to avoid distortion. Toke reaches once more to environmental economics to illustrate his point. Those taking part in the environmental pollution debate range from syndicates of large corporations on the one hand to unorganised voters on the other. Here it is vital to make sure that voters, through the electoral process, have an adequate and



appropriate voice. Toke notes that, in practice, bureaucrats tend to prefer intervention to incentives because active involvement in policy gives them an enduring presence as well as the opportunity to raise additional revenues for general taxation purposes.

Exploring the theory of public choice, coupled with a chance meeting with Martin Daunton, Professor of Economic History and now Master of Trinity Hall, has led Toke to develop another strand of political economics, this time in an historical context. He is working on the economics of the granting of voting rights ('the franchise'), taxation and spending on local public goods with particular reference to cities in England and Wales in the mid-Victorian period. The essential observation – and phenomenon to be explained – is that the relationship between the extension of the franchise and public expenditure per capita is U-shaped rather than linear.

Gaining the right to vote empowered, typically, property-owning adult males to engage in the emerging democratic process, but also obliged them to pay taxes. At first, landowners and industrialists (the 'capitalists') promoted the franchise among relatively rich property-owners in order to raise funds from taxation that would support public works for the improvement of urban amenities, for example, sanitation, water supplies and other municipally-provided utilities, and transport and communications. This reflected in part enlightened self-interest on behalf of those with political power which had benefits ('positive spillovers') for taxpayers and the wider community. As general living standards and the quality of life were raised, industrialists such as Joseph Chamberlain in Birmingham benefited in terms of income and profits from more efficient production and distribution, including higher productivity on account of a healthier workforce.

But, as the franchise became still wider, the newly empowered voters looked more critically at their pay-off, which they saw mostly as the imposition of taxation without any significant benefits in terms of higher incomes and publicly provided goods and services. Enlarging the franchise offered them a political voice through representation on, and control of, local councils.

In some cases, their appetite for increased

public spending financed out of higher taxation weakened, causing its share of gdp to fall (the 'retrenchment hypothesis'). It was not until the male franchise became universal that those with low incomes and lacking property could use their new-found political power to reap the benefits of improved public amenities without themselves incurring a significantly increased tax burden. Public spending began to grow at a faster rate than the whole economy once again. An important conclusion of the analysis is that public spending as a share of national income must continue to rise in order for an extension of the voting franchise to be a Pareto welfare improvement⁽¹⁾.

In Britain, as elsewhere, the combination of democracy with the achievement of the full franchise led to a surge in the importance of taxation and other public revenues in the overall economy. Toke notes that while this progressive increase in the share of government revenues and expenditure in gdp was a general feature of democratic states, it has since tended to stabilise at different levels in different regions.

Scandinavia tolerates a significantly higher ratio of public spending to gdp (about 60%) than does the UK (around 40%) or the US (approximately 25% at Federal level). These variations signal differences in voters' perceptions of the value and merits of the public realm in supplying goods and services and in managing re-distribution. The factors underlying these differences are not well understood. In Toke's view, against the background of an active debate about the 'Big State' versus the 'Big Society', this gives a rich furrow for researchers in Economics to plough.

Toke's period as Academic Secretary to the Economics Faculty finished at the end of 2010. It is a burden he has enjoyed carrying, but is not sorry to set down. He now has two terms' sabbatical leave which he plans to spend in the US with his family, working at Harvard. Appropriately enough, 'Taxation and Representation' will be the theme of his research.

Jesus College, where Toke is Fellow and Director of Studies in Economics, will miss him while he is away from Cambridge. Having come from a different higher education teaching and learning environment, he puts a high value on the Cambridge collegiate and supervision system, at the same time recognising the challenges it must overcome in the face of fiscal tightening. Perhaps the (enlightened) voters' preferences will be revealed.

*Note: (1) Aidt, Toke S., Martin Daunton and Jayasri Dutta (2010). 'The retrenchment hypothesis and the extension of the franchise in England and Wales', *Economic Journal* 120, 990-1020.*

A Warm Welcome to New Staff...



Giancarlo Corsetti



Alexei Onatski



Aytek Erdil



Elisa Faraglia



Robert Ritz



Giammario Impullitti



Christoph Vanberg



Gary Libecap

University Teaching Officers

Professor of Macroeconomics

Giancarlo Corsetti from the EUI (Florence)
International Macroeconomics and Finance

University Reader

Alexei Onatski from Columbia University
Econometrics

University Lecturers

Aytek Erdil from Nuffield College, Oxford
Microeconomics

Christoph Vanberg from the University of Heidelberg
Experimental Economics and Political Economy

Robert Ritz

Environmental Economics, Industrial Organisation and Applied Microeconomics

Elisa Faraglia from London Business School
Macroeconomics

Giammario Impullitti from IMT Lucca

International Trade, Macroeconomics and Industrial Organisation

Research Officers

Donna Harris, ESRC/MRC Fellow

Danielle van den Heuvel, British Academy Fellow

Chris Wright, ESRC/TUC Placement Fellow

Irina Shaorshadze, EPRG

Visitors

Gary Libecap, Pitt Professor in Economics

Neville Norman, Visiting Professor

Assistant Staff

Yvonne Gibbs, Research Administration Assistant

Simon Wilson, Cleaner

Marshall Library

Madeleine Brens, Library Invigilator

And a fond farewell to:

Rob Dockerill, Cleaner, retired 31 August 2010

Jeremy Edwards, University Reader, retired 30 September 2010

Roman Pance, Temporary Lecturer from 01 January 2010 to 31 July 2010

Dr Marco van der Leij, Lecturer, left 31 August 2010

Publications

2010 to date

The publications listed below represent papers formally published in academic journals between January and December 2010 (data provided by RePec and Scopus)

Authors	Title	Source title	Volume	Issue	Page start	Page end
Aidt, T.S.	Green taxes: Refunding rules and lobbying	Journal of Environmental Economics and Management	60	1	31	43
Aidt, T.S., Albornoz, F.	Political regimes and foreign intervention	Journal of Development Economics	94	2	192	201
Aidt, T.S., Daunton, M., Dutta, J.	The retrenchment hypothesis and the extension of the franchise in England and Wales	Economic Journal	120	547	990	1020
Aidt, T.S., Gassebner, M.	Do autocratic states trade less?	World Bank Economic Review	24	1	38	76
Aidt, T.S., Giovannoni, F.	Critical decisions and constitutional rules	Social Choice and Welfare			1	50
Aidt, T.S., Veiga, F.J., Veiga, L.G.	Election results and opportunistic policies: A new test of the rational political business cycle model	Public Choice			1	24
Alan, S., Atalay, K., Crossley, T.F., Jeon, S.-H.	New evidence on taxes and portfolio choice	Journal of Public Economics	94	11-Dec	813	823
Alan, S., Browning, M.	Estimating intertemporal allocation parameters using synthetic residual estimation	Review of Economic Studies	77	4	1231	1261
Bhattacharjee, A., Holly, S.	Structural interactions in spatial panels	Empirical Economics			1	26
Bhattacharjee, A., Holly, S.	Rational partisan theory, uncertainty, and spatial voting: Evidence for the bank of England's MPC	Economics and Politics	22	2	151	179
Busetti, F., Harvey, A.	Tests of strict stationarity based on quantile indicators	Journal of Time Series Analysis	31	6	435	450
Carmona, G.	Symposium on: Existence of Nash equilibria in discontinuous games	Economic Theory			1	4
Carmona, G.	Understanding some recent existence results for discontinuous games	Economic Theory			1	15
Carmona, G.	Polytopes and the existence of approximate equilibria in discontinuous games	Games and Economic Behavior	68	1	381	388
Cavalcanti, T., Corra, M.	Cash transfers and the labor market	Revista Brasileira de Economia	64	2	175	190
Cavalcanti, T., Guimaraes, J., Sampaio, B.	Barriers to skill acquisition in Brazil: Public and private school students performance in a public university entrance exam	Quarterly Review of Economics and Finance	50	4	395	407
Chadha, J., Corrado, L., Sun, Q.	Money and liquidity effects: separating demand from supply	Journal of Economic Dynamics and Control	34	9	1732	1747
Chadha, J.S., Holly, S.	Macroeconomic models and the yield curve: An assessment of the fit	Journal of Economic Dynamics and Control	34	8	1343	1358
Cockerill, T., Barker, T.	Industry and the British Economy	Cambridge Econometrics				
Cockerill, T.	Competitiveness of the EU metalworking and metal articles industries	Brussels: Directorate-General Enterprise and Industry, European Commission				
Corsetti, G., Meier, A., Muller, G.	Cross-Border Spillovers from Fiscal Stimulus	International Journal of Central Banking	6	1	5	37
Cozzi, G., Impullitti, G.	Government spending composition, technical change and wage inequality	Journal of the European Economic Association	8	6	1325	1358

Authors	Title	Source title	Volume	Issue	Page start	Page end
Crossley, T.F., Pendakur, K.	The common-scaling social cost-of-living index	Journal of Business and Economic Statistics	28	4	523	538
Dasgupta, P.	20th Anniversary of EAERE: The European Association of Environmental and Resource Economists	Environmental & Resource Economics	46	2	135	137
Dasgupta, P.	Nature's role in sustaining economic development	Philosophical Transactions of the Royal Society B: Biological Sciences	365	1537	5	11
Ehlers, L., Erdil, A.	Efficient assignment respecting priorities	Journal of Economic Theory	145	3	1269	1282
Erdil, A., Klemperer, P.	A new payment rule for core-selecting package auctions	Journal of the European Economic Association	8	02-Mar	537	547
Esteban-Pretel, J., Faraglia, E.	Monetary shocks in a model with skill loss	Journal of Money, Credit and Banking	42	7	1235	1265
Fafchamps, M., van der Leij, M.J., Goyal, S.	Matching and network effects	Journal of the European Economic Association	8	1	203	231
Faraglia, E., Marcet, A., Scott, A.	In search of a theory of debt management	Journal of Monetary Economics	57	7	821	836
Galeotti, A., Goyal, S.	The law of the few	American Economic Review	100	4	1468	1492
Galeotti, A., Goyal, S., Jackson, M.O., Vega-Redondo, F., Yariv, L.	Network games	Review of Economic Studies	77	1	218	244
Ghiglino, C., Goyal, S.	Keeping up with the neighbors: Social interaction in a market economy	Journal of the European Economic Association	8	1	90	119
Gneezy, U., Rustichini, A., Vostroknutov, A.	Experience and insight in the Race game	Journal of Economic Behavior and Organization	75	2	144	155
Harris, C., Howison, S., Sircar, R.	Games with exhaustible resources	SIAM Journal on Applied Mathematics	70		2556	2581
Harvey, A.	Tracking a changing copula	Journal of Empirical Finance	17	3	485	500
Harvey, A.	The local quadratic trend model	Journal of Forecasting	29	01-Feb	94	108
Holly, S., Hashem Pesaran, M., Yamagata, T.	The spatial and temporal diffusion of house prices in the UK	Journal of Urban Economics	69	1	2	23
Holly, S., Pesaran, M.H., Yamagata, T.	A spatio-temporal model of house prices in the USA	Journal of Econometrics	158	1	160	173
Impullitti, G.	International competition and U.S. R&D subsidies: a quantitative welfare analysis	International Economic Review	51	4	1127	1158
Levy, I., Snell, J., Nelson, A.J., Rustichini, A., Glimcher, P.W.	Neural representation of subjective value under risk and ambiguity	Journal of Neurophysiology	103	2	1036	1047
Low, H., Meghir, C., Pistaferri, L.	Wage risk and unemployment risk over the life cycle	American Economic Review	100	4	1432	1467
Ogilvie, S.	Consumption, social capital and the 'industrious revolution' in early modern Germany	Journal of Economic History	70	2	287	325
Onatski, A.	Determining the number of factors from empirical distribution of eigenvalues	The Review of Economics and Statistics	92	4	1004	1016
Onatski, A., Williams, N.	Empirical and policy performance of a forward-looking monetary model	Journal of Applied Econometrics	25	1	145	176
Pesaran, B., Pesaran, M.H.	Conditional volatility and correlations of weekly returns and the VaR analysis of 2008 stock market crash	Economic Modelling	27	6	1398	1416
Vanberg, C.	Voting on a sharing norm in a dictator game	Journal of Economic Psychology	31	3	285	292

Research Opportunities

Isaac Newton Trust and the Institute for New Economic Thinking

Isaac Newton Trust

Under its standard research grant scheme, The Isaac Newton Trust awards research grants to Departments, Faculties and other University bodies three times per year. These awards are for the support of education, learning and research in the University. The aim is to help to maintain the University's reputation for excellence in research by assisting projects of high quality which would otherwise be capable of attracting significant external funding, but cannot get all the financial help they need. Trustees are also sympathetic to applications that help attract talented researchers to Cambridge. Because the Trust meets three times a year in November, March and July, it is often able to offer funding at shorter timelines than external bodies. With one exception, awards in the last cycle ranged between £10,000 and £80,000.

As the Isaac Newton Trust attaches great importance to a project's ability to gain external funding, grants from the Trust are usually conditional upon receiving at least the amount of the grant. The Trustees have agreed to vary or even set aside this condition for projects that they consider of particular importance where the prospects of obtaining such external funding remote.

The Trust has encouraged the School of Humanities and Social Sciences to send a greater number of applications. Detailed guidelines for applying to the Trust can be found at:

<http://www.newtontrust.cam.ac.uk/cam/research/c.html>

Institute for New Economic Thinking

The Institute is committed to supporting the next generation of economists and scholars in related fields who are

rethinking economics for the 21st century. It supports innovative thinkers with substantial grants, ranging from \$20,000 for individual or small group projects to \$1 million or more for multi-person multi-year Task Forces. The Research Grant Program will receive the majority of the Institute's funding, with two cycles of funding each year. Projects funded in the inaugural grant cycle ranged across the gamut of our preoccupying themes, including political economy, inequality, theories of finance, empirical macroeconomics, human capital and growth, economic history, and theories of networks and systems.

Detailed guidelines for applying to the Institute can be found at:

www.ineteconomics.org

New Research Projects

Jayant Ganguli: *Knightian Uncertainty, Informational Inefficiency and Financial Markets*

Sponsor: *Institute for New Economic Thinking*
Collaborator: *Dr. Scott Condie*

Jayant Ganguli and Scott Condie of Brigham Young University were awarded an inaugural grant by the Institute for New Economic Thinking (INET) to examine the informational inefficiency of market prices in the presence of Knightian uncertainty or ambiguity. Asset markets are continually beset by new information, which includes information about counterparty, sovereign, market and other risks. The quality of this information and hence its utility can vary widely both across asset classes and across times.

This project seeks to understand when information that is perceived to be uncertain or ambiguous is not reflected in the prices observed in asset markets as well as the implications that this informational inefficiency has for financial market price volatility and swings, the volume of trade, contagion, and the economic welfare of market participants.

Sanjeev Goyal: *Resilience and Interaction of Networks in Ecology and Economics*

Sponsor: *EPSRC*
Collaborators: *Professors Angel Sanchez, Antonio Cabrales, Alan McKane, Max Rietkerk, Miguel Zavala*

Professor Sanjeev Goyal is the co-principal investigator on a grant from the ERA-Net on Complexity and EPSRC to study the structure and robustness of networks under different types of threat and degrees of specific problems in economics and ecology. The project seeks to answer the questions, 'How does the performance of networks behave under different threats, and what management protocols can be employed to enhance this performance?' and 'What are the structural features which make a network resilient?'

Prof Goyal's research will focus on a characterisation of efficient network design in the face of attacks. Applications of this work will include a study of internet security, optimal vaccination programmes, and optimal bank regulation in financial networks.

Danielle van den Heuvel: *Shadow Economies: Informality, institutions and economic development in northwest Europe: 1600-1800*

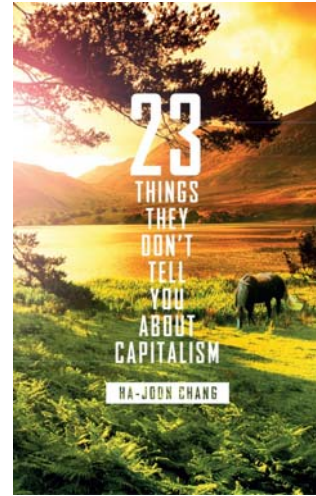
Sponsor: *British Academy*
Collaborator: *Prof Sheilagh Ogilvie*

Dr. Danielle van den Heuvel has been awarded a prestigious British Academy Postdoctoral Fellowship to analyse the role of the informal sector in the economy of early modern northwest Europe. The project focuses on informal street vending and will examine who was operating in the shadow economy, why they did so, and what effects this had on the people involved and the larger economy.

Through a comparison of various urban economies with different institutional frameworks over two centuries, this project aims to explain how the economic participation of marginal groups, institutional flexibility, and economic development were linked in early modern Europe.

New Book: 23 Things They Don't Tell You about Capitalism

Ha-Joon Chang's new book, *23 Things They Don't Tell You About Capitalism*, was published by Allen Lane (Penguin) on 2 September. The book has been extensively reviewed in the media, including *The Observer*, *The Financial Times*, *The Sunday Times*, *The Independent*, *Prospect*, and *New Statesman*. Ha-Joon has also been interviewed on the book by various news media, including BBC TV's *Newsnight*, BBC World TV's *Impact Asia*, BBC Radio 4's *Thinking Allowed*, *The Independent*, *The Observer*, and *The Guardian* (business podcast). The *Guardian* published an editorial piece on Ha-Joon and his new book in the 'In praise of ...' series of its Editorial section on 29 September 2010.



Thank you!



Tony Cockerill and daughter Sarah (Law, Magd. 1997) ran the London Marathon on 25 April, both in a time of 4h 31min. With the generous support of Faculty members and others, they raised more than £3,000 for *Parents for Inclusion*, a charity to help parents of children who have disabilities or other special needs. Here they are crossing Tower Bridge at the half way point.

Minor Cycle Repairs and Maintenance



Occasional Second Hand

Contact Brian
ask at Reception,
Faculty of Economics



With appreciation...

Thank you to everyone that has bought my hand-made cards, proceeds of which are donated to the Cardiomyopathy Association.

The cards are available from reception, or if you want something special just ask me and I can probably make an appropriate card.

Sharon Swann



IT News

Eviews7

We have recently installed Eviews7 on the Faculty network. An icon to run the program can be copied from I:\ProgramLinks\Current Software, to your desktop.

Email

We have had a few problems with our email server. If anyone is still using Pegasus and their @econ email address as their only address can they please contact the IT Team to get this changed.

Telephone System News

The voicemail system was upgraded over the summer, which should reduce the problems with this system. As a result of this voicemail PINs have been changed from 4 digits to 5 by prefixing the number

with a 0. If you don't know your PIN, then its probably 01234. It is no longer necessary to press # after typing the PIN.

If people had email reminders with an attachments set for voicemail, the system seems to have lost all these settings in the upgrade. You will need to reset these by going to:

<http://voicemail.phone.cam.ac.uk/vm/vmoptions/>

It is also possible from there to set speed dials on your phone, change your call forwarding options, and see your call history.

Contacting the IT Team

If you need general help with an IT problem, the easiest way to get a reply is to email our new address econ-

itsupport@lists.cam.ac.uk. The message will be sent to all three of us, so you are sure to get an answer. Similarly if you need to phone, use ext 48160, which will ring all of our phones, and will get an answer from whoever is at their desk.

However, if you have somebody particular you wish to contact, please continue to use our direct email addresses and phone numbers.

The IT Team (econ-itsupport@lists.cam.ac.uk, ex 48160)

Craig Peacock (cjp24@cam.ac.uk, ex 35253)

Howard Cobb (hc102@cam.ac.uk, ex 35252)

Jake Dyer (jd419@cam.ac.uk, ex 35768)

Other News and Events



- Silvana Dean (above) was honoured for 25 years of service to the University at a special reception hosted by the Vice-Chancellor
- David Newbery was appointed to the Low Carbon Network Fund of Ofgem on 1 September 2010 that is responsible for awarding some £350 million in competition to Distribution Network Companies and was appointed as a Specialist Advisor to the Energy and Climate Change Committee.
- Willy Brown was invited to Beijing twice over the summer to talk about industrial conflict resolution and minimum wages as industrial unrest is becoming an increasing problem in the booming Chinese economy. He spoke at three conferences of Chinese scholars and trade union leaders, as well as to graduate students at Renmin and Peking universities. He also made presentations to officials at two government think tanks whose tasks include the design of a Chinese version of ACAS. Current and past Cambridge PhD students provided splendid interpretation support.



"*Will the lights go out?*" was the topical title of the EPRG panel event held on 11 March 2010 in Cambridge for the ESRC Festival of Social Science and the Cambridge Science Festival. 50 members of the general public joined EPRG Team members to enjoy an interactive presentation on the myths and realities of UK Energy Policy to 2020. Using electronic voting pads, the audience were invited to vote on a main question of *Do you think that Britain's liberalised electricity and gas markets can address the security of supply challenges facing the UK energy sector?* The audience continued to vote in the five short sections covering different areas of energy policy. The main question was repeated at the end and the evening closed with a drinks reception. For details of the presentation and the results of the evening's ad-hoc voting go to: www.eprg.group.cam.ac.uk/will-the-lights-go-out-11-03-10

The Cambridge Young Energy Engineers and Economists Seminar (YEEES), held 8-9 April 2010, was the 8th bi-annual Young Energy Engineers & Economists Seminar, and the first one held in the UK. More than twice as many papers were presented at this YEEES than during any previous meeting.

The YEEES meetings are meant to provide an opportunity for young researchers to provide detailed (and helpful) critiques of each others' research. So the format radically differs from most conferences. Consequently, all attendees work hard, with most submitting a paper, and everyone reading in advance and discussing one or two other papers. Besides helping new researchers to improve their work, the goal is the building of a network of young people interested in rigorous economic and engineering analysis of energy problems, and providing publicity for their efforts.

How Can Energy Policy Be Fun?

The answer is YEEES

Further information on YEEES and its activities can be obtained at www.yeees.net

Presentations

Dr Luisa Corrado

- Gave a Plenary Lecture at the Cambridge Society for the Application of Research-CSAR.
- Presented the paper "Bank Lending, Housing Collateral and Stabilisation Policy", (co-authored with G. Corrado and J. Chadha) at the Society for Computational Economics Conference 2010 in London.
- Presented the paper "Identification Strategies in Survey Response Using Vignettes" (co-authored with M. Weeks) at the 9th OxMetrics™ User Conference, 17th September 2010, Cass Business School.

Dr. Jayant Ganguli

- Attended workshop on Risk, Ambiguity, and Decisions in Honor of Daniel Ellsberg, May 10 - 12, 2010, at IHS Vienna

Dr. Petra Geraats

- Attended workshop on Risk, Ambiguity, and Decisions in Honor of Daniel Ellsberg, May 10 - 12, 2010, at IHS Vienna*
- presented "Trends in Monetary Policy Transparency" at the European Economic Association (EEA) Annual Congress in Barcelona, August 2009*
- Discussant at the Norges Bank Conference on Monetary Policy "Inflation Targeting Twenty Years on", in Oslo, June 2009*
- Invited presentation of "Trends in Monetary Policy Transparency" at the Annual Inflation Targeting Seminar of the Central Bank of Brazil in Rio de Janeiro, May 2009*
- Invited talk on "Monetary Policy Transparency: Trends and Insights" at the Initiative for Policy Dialogue (IPD) Task Force Meeting on "Governance, Transparency and Accountability of National and International Financial Institutions" at Columbia University in New York, April 2009*
- Presented "Trends in Monetary Policy Transparency" in seminar at Newcastle University Business School in March 2009*
- Presented "Intertemporal Substitution and Hyperbolic Discounting" at the European Economic Association (EEA) Annual Congress in Milan, August 2008*
- Gave an invited presentation of "Trends in Monetary Policy Transparency", Bank of Canada Economic Conference "International Experience with the Conduct of Monetary Policy under Inflation Targeting", Ottawa, July 2008*
- Discussant at the International Research Forum on Monetary Policy at the European Central Bank in Frankfurt, June 2008*

Dr. Sriya Iyer

- Presented her paper 'Innovation and the Resilience of Religion' at the Annual Meetings of the American Economic Association held in Denver, Colorado on 9 January 2011, in an AEA session on social structure. The paper is co-authored with Chander Velu, Jun Xue and Tirthankar Chakravarty.

Prof Hashem Pesaran

- Appeared on Chinese CCTV-2 Economic Channel, Introduction of Dialogue, a talk show hosted by Weihong Chen. A special program of CCTV, "Feast of thoughts", featuring the World Congress and its distinguished guest
- Distinguished Speaker, Lecture at Centre for Research in Econometric Analysis of Time Series, CREATES, Denmark, 12 May 2010
- Presented Sir Clive Granger Annual Memorial Lecture, University of Nottingham, May 2010
- Keynote Speaker at The Brunel Macroeconomic Research Centre, together with QASS. 27 May 2010
- Keynote Speaker at Second Conference on Recent Developments in Macroeconomics, Centre for European Economic Research (ZEW), Mannheim, 24-25 June 2010
- Invited Speaker at Second Workshop on Portfolio Optimization, Imperial College Business School, 29 June 2010
- Invited Speaker at MMF 2010 Conference, Limassol, Cyprus, 1 September 2010
- Invited Speaker at the Conference of Professors of Accounting and Finance, Manchester Conference Centre, 8 September 2010
- Invited Lecturer at the 6th Eurostat Colloquium on Modern Tools for Business Cycle Analysis, Luxembourg, 26-29 September 2010
- CRASSH Mellon Sawyer Risk Seminar: Modelling Futures: Understanding Risk and Uncertainty, University of Cambridge, October 2009
- Presented a paper at the 16th International Conference on Panel Data, Amsterdam. 2-3 July 2010
- Seminars at EIEF, and at the Bank of Italia, Rome, June 2010
- Seminar at Toulouse School of Economics, 22 June 2010
- Seminar at Renmin University, Beijing, 9 August 2010
- Seminar at University of International Business and Economics, Beijing August 10, 2010
- Seminar at Fudan University, Shanghai, 16 August 2010

- Presented a paper for Wiley Blackwell at the Econometrics Society World Congress, Shanghai, 18 August 2010
- Presented a paper at the Econometrics Society World Congress, Asset Pricing V sessions 20 August 2010
- Presented paper at the 2010 Cambridge Princeton Finance Conference, Cambridge, 10 September 2010
- Took part in a chaired debate, at the Challenging Models in the Face of Uncertainty Conference, Cambridge, 28-30 September 2010
- Invited talk at the International Conference on High-Dimensional Econometric Modelling, Cass Business School, December, 3-4, 2010
- Plenary talk at the 4th CSDA International Conference on Computational and Financial Econometrics (CFE'10), 10-12 December 2010, Senate House, University of London, UK

Prof Hamid Sabourian

- Workshop presentation at Tokyo University in November on "repeated implementation"
- Workshop presentation at Hitsobashi University, Tokyo in November on "repeated implementation"
- Plenary speaker at the Game Theory Society Brazil Meeting to celebrate the 50th anniversary of Nash Equilibrium in August 2010
- Invited Speaker at the "Mechanism Design workshop" organised by Princeton Economics Department and the Institute of Advanced Studies in June 2010.
- Invited Speaker at the the Society for Advancement of Economic Theory workshop at Manchester in May 2010.
- Gave seminars at Malaga and EDHEC business School in early summer 2010.

Prof David Newbery

- Presented "EMR: carbon price floor, capacity mechanisms, EPS" to the Energy and Climate Change Select Committee at the House of Commons, January 2011
- Presented "Carbon Pricing and the Restructuring of Electricity Sectors" at the IEA/NEA conference on *Carbon Pricing, Power Markets And The Competitiveness Of Nuclear Power* at the IEA, Paris, January 2011
- Presented "European electricity and climate change policy" to the MSC in Environmental Economics at Cranfield University, Cranfield, December 2010
- Presented "Oil shortages and climate change" to the EPRG Winter Seminar in Cambridge, December 2010
- Presented "Energy Policy" to the Saffron Walden Sixth Form School *A-level Economics Conference* in Saffron Walden, December 2010
- Presented EPF briefing to Alstom in London, November 2010
- Presented "Future Expansion of Offshore Wind Power and Renewables in the UK and EU" to the University of Southern Denmark, Esbjerg, Denmark, November 2010
- Presented "Making public information publicly accessible" at the Beijing Forum, Peking University, Beijing, China, November 2010
- Presented "Are low carbon policies affordable?" to the Renewables Energy Foundation at the conference *Are low carbon policies affordable?* at Windsor Castle, October 2010
- Presented the EPRG's research to the UKRC review of UK Energy Research at Oxford, October 2010
- Presented "Accounting for publicly supported innovation projects" at the DEFRA Environment Economics Panel Group, October 2010
- Presented "Public Support for the Financing of RD&D Activities in New Clean Energy Technologies" to the FSR THINK project Semester Meeting of the European Commission in Brussels, October 2010
- Presented "Supporting Innovation" to Energy and Environment seminar, October 2010
- Panel member of Ofgem's Low Carbon Network Fund in London, September 2010
- Present keynote "Energy in a low carbon economy: new roles for governments and markets" to the BIEE academic conference in Oxford, September 2010
- Presented "Economics: an effective carbon price" at the conference *A Cross-Roads for Electricity* at Cambridge Economics Policy Associates, London, September 2010
- Presented "New financing arrangements for developing energy technologies" to the FSR THINK project expert hearing of the European Commission in Brussels, September 2010

Prof Richard Smith

- Keynote speaker at TEST 2010 International Symposium on Econometrics of Specification Tests in 30 Years held at Wang Yanan Institute for Studies in Economics (WISE), Xiamen University, China.