



Scottish Institute for Research in Economics

Annual report to the
Scottish Funding Council

For the period 1 Oct 2007 to 30 Sept 2008

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Part 1: General introduction

This is the first of what will be a regular series of Annual Reports from the Scottish Institute for Economics Research (SIRE). It covers the period from 1st October 2007 through to 30th September 2008. The period covered overlaps with that of the initial Report, submitted in February 2008, covering the period July 2007 though January 2008. A substantial part of the initial (February) Report dealt with recruitment to the new SIRE posts. For the most part this recruiting activity took place in 2007-08, with the vast majority of SIRE posts being filled and in place by 1st October 2007. Rather than repeat the more detailed coverage in the February Report, the present report provides a brief summary of the appointments made by October 2007 and an up-date of ongoing recruitment to the remaining posts. The events and activities, which took place in the first half of 2007-08, were also covered in the February Report. We have, however, decided to include summaries of these events in the present report, despite the repetition, so that it provides a complete overview of events and activities in the reporting period.

As is indicated in the ensuing sections, SIRE has made considerable progress in its first year. The new appointments are having an impact: raising the quality and quantity of research publications; providing research leadership, for example by planning and organising a number of significant and highly successful international mini-conferences and workshop series; developing new and exciting collaborative research networks; and enhancing the liveliness and excitement of the research environment. More generally, SIRE has given rise to a significantly enhanced international profile for economics research in Scotland. This is clearly reflected in the quality and eminence of international visitors presenting in SIRE seminar programmes and more focused events, such as mini-conferences, as well as the presentations being made by SIRE researchers at major international conferences and other venues. There has been a notable step increase in quality. This quality change has been accompanied by a healthy expansion of the PhD programme across Scotland and a significant increase in the number and size of research grant awards. A further healthy sign is the gradual emergence of a number of exciting inter-institutional and, in some cases, also inter-disciplinary, research networks. Fostering and encouraging the development of these embryonic networks is an important element of SIRE's plans for the coming year.

Part 2: SIRE Executive and International Advisory Board

- 2.1 The SIRE Executive Committee comprises:
- John Moore (SIRE Director, and Director of BIC)
 - Stuart Sayer (SIRE Executive Director)
 - Ronald MacDonald (Director of MFLR)
 - Martin Chalkley (Director of WW)
 - Mark Schaffer (SGPE PhD Director)
- 2.2 The membership of the Executive is as set out in the SIRE proposal, with the modification that Professor Mark Schaffer replaces Professor Robert Wright as the SGPE representative. This change reflects a change in the executive structure of the SGPE, with the creation of the new post of SGPE PhD Director to replace the post of SGPE Director, previously held by Professor Wright. The new post of PhD Director signals the importance given to strengthening the PhD stage of the collaborative SGPE programme, which is discussed in section 3.5.
- 2.3 The key relevant members of the Executive Committee communicate frequently. Initially by means of face-to-face meetings then, having developed a working familiarity, by means of teleconferences, with more occasional face-to-face meetings. Frequency varies somewhat, depending on the volume of business. For example, in the run up to the SIRE launch event, when the volume of business was high, there were regular weekly teleconferences as well as frequent exchanges of emails.
- 2.4 As discussed in section 3 below, the three SIRE programmes have each established Programme Steering Committees to assist the respective Programme Director in designing, developing and implementing the programme strategy.
- 2.5 The core executive team draws on the experience and expertise of other senior SIRE researchers as and where relevant. In particular, to assist in the important task of developing efficient and effective knowledge exchange with government and corporate sectors, the Executive has harnessed the leadership and experience of Professors Richard Harris and David Ulph. Richard Harris, the Director of the Centre for Public Policy for Regions (CPPR), has been External Advisor to the Asia Task Force set up by the Chancellor of the Exchequer as well as External Advisor to UKTI. David Ulph, before his recent move to St Andrews, was the Director of Analysis at HM Revenue and Customs and former head of the RAE 5* UCL Department of Economics.
- 2.6 SIRE has become a regular standing item at the (roughly quarterly) meetings of the SGPE Heads of Departments of Economics, where SIRE is represented by the Executive Director. These meetings provide a valuable opportunity to discuss and obtain feedback on SIRE developments and help to promote effective integration and coordination of developments.

2.7 As set out in the SIRE proposal, the International Advisory Board (IAB) of SIRE comprises:

- Manuel Arrellano (CEMFI, Madrid)
- Richard Blundell (UCL)
- Naryana Kocherlakota (Minnesota)
- Tom McGuire (Harvard)
- George Mailath (Pennsylvania)
- Andrew Rose (Berkeley)
- Larry Samuelson (Yale)
- David Canning (Harvard)
- Harald Uhlig (Berlin)

2.8 Relevant members of the IAB provided advice and guidance on short-listed candidates for SIRE Chair appointments. This additional and insightful input from outstanding international researchers, alongside the normal role of external assessors, was an extremely valuable contribution to the appointment process. SIRE owes a considerably debt of gratitude to IAB members for their guidance and advice along with their more general support and enthusiasm for SIRE.

Part 3: Executive & Programme Directors' overviews and future plans

3.1 SIRE Centre

- 3.1.1 A key step in the development of the SIRE Centre was the appointment in July 2007 of the SIRE Administrator, Gina Reddie. With administrative support in place, the focus at the Centre turned to the development of a data base and mailing list to assist in coordinating and promoting SIRE events, including the main SIRE launch scheduled for November 2007.
- 3.1.2 Work also began on developing and strengthening effective communication channels across the universities participating in SIRE, including collating information on the new SIRE appointees as well as the wide range of SIRE and other events and activities, taking place throughout Scotland.
- 3.1.3 The preliminary SIRE website, which had been speedily put together to assist recruiting, was professionally redesigned and developed in the run up the November launch. As well as providing general information about SIRE, its mission and research programmes, the site provides profiles of all new appointees, a diary of SIRE and other events and activities throughout Scotland, reports and archive material on major SIRE events, and news items about major SIRE achievements. The site is located at: www.sire.ac.uk
- 3.1.4 The Centre emails a regular monthly newsletter to the SIRE mailing list, highlighting major items of news and key events, with links to relevant pages on the SIRE website. Alongside the development of the new website, the Centre also worked on the development of other promotional materials, such as a flyer and sets of posters outlining SIRE and its achievements, for use at the SIRE launch and other events.
- 3.1.5 The SIRE launch on November 19th 2007 provided a focus for these developments, with promotion of the launch event linked to promotion of the newly designed website. The launch, which took the form of a day-long conference culminating in a keynote lecture by Professor Tim Besley, is reported on in section 5.1 below. As noted there, it was a stimulating and highly successful event, and a clear indication of both the achievements of SIRE to date and its potential for further successes.
- 3.1.6 In addition to the launch the SIRE Centre has supported a number of other cross-programme events in 2007-08, including: the ongoing SIRE Forum for Young Researchers, two SIRE-SCEME mini-conferences, and the Scottish Economic Society Conference (see section 5.1 for further details).
- 3.1.7 As the web-based diary indicates, there is a wealth of high quality events and activities taking place throughout Scotland. These include regular seminar series at all the participating universities. Seminar presenters include an impressive array of leading international researchers, as well as SIRE-based researchers. It is particularly pleasing to note the frequency with which new SIRE appointees, junior as well as senior, appear on seminar or workshop schedules at universities around Scotland, as well as the SIRE Forum for Young Researchers, which launched in February 2008.

- 3.1.8 While it is, in many respects, a positive feature, the wealth of events and activities also presents a substantial challenge. There is a recognised need to improve the coordination and targeting of events and activities, so as to maximise their effectiveness and reap the gains of research pooling. To facilitate this, the SIRE Centre has developed a searchable database of SIRE researchers, to facilitate the identification of key clusters of researchers and the more effective targeting and matching of events to these research clusters. Coordination through the SIRE Centre also helps to avoid timing clashes between major events aimed at similar clusters of researchers.
- 3.1.9 Mini-conferences, organised within or jointly between SIRE research programmes provide one effective means of targeting. A number of such events have been held over the reporting period and, as is indicated in the relevant programme sections below, have been highly successful. There are also some important emerging research clusters, which do not fall neatly within SIRE Research Programmes. Here the SIRE Centre has provided support and encouragement to the development of the *SIRE Econometrics Workshop Series* (see section 5.1), and is actively exploring a similar development of a *SIRE Environment, Energy and Climate Change Workshop Series*.
- 3.1.10 Alongside fostering high quality research, the SIRE Centre also aims to enhance research dissemination and knowledge exchange. We have valued the participation of Scottish Government economists and other practitioners at a number of SIRE events. We have built a good co-operative relationship with the *David Hume Institute*, under its Director, Jeremy Peat. Plans are under development to hold regular *Policy Forum* meetings, which would bring together economists from the government and academic sectors (see section 5.1). We are also planning an economics-focussed training event to improve the effective use of news media for dissemination.
- 3.1.11 The SIRE Centre, along with the Edinburgh department of Economics, moved to new and more spacious premises in August 2008. The new location has provided a significant increase in available office and meeting space, which enables the SIRE Centre to accommodate more readily visitors from within SIRE or from elsewhere.

3.2 Behaviour, Incentives and Contracts

- 3.2.1 In line with the SIRE proposal and discussions at the SIRE Review Panel meeting, a number of the BIC hires build bridges between BIC and the other SIRE thematic programmes. In particular the interests of Professors Mai Güell and Dr Philippe LeMay-Boucher link closely to WW, as does the exciting joint work being undertaken by Professors Maia Güell and Sevi Rodríguez Mora on intergenerational mobility. Professor Rodríguez Mora and Dr Olga Gorbachev also have research interests which tie in closely with MFLR.
- 3.2.2 A number of the SIRE and other recent appointments made elsewhere also build bridges with BIC. For example, Professors Miguel Costa-Gomes, Nick Feltoovich and Hans Hvide at Aberdeen, Professors David Ulph and George Evans and Dr Marco Faravelli at St Andrews, Dr Michael Finus at Stirling, and Professor Tao Zhu at Glasgow all have interests that tie closely with BIC research themes.
- 3.2.3 A key challenge for the BIC programme is to exploit the enhanced potential for collaborative research activities engendered by these bridge-building appointments. As a first step towards this, most of the new appointees mentioned above (and other SIRE appointees) have presented at the regular weekly Edinburgh-based workshop series during 2007-08. Workshops and seminars (normally) take place on the same day and, where feasible, are organised to be on related topics. This format adds value, since the seminar presenter (often a leading international researcher) generally participates in the workshop and, for attendees who travel from elsewhere, the travel time is spread over two events.
- 3.2.4 As with other SIRE programmes, the development of the SIRE researcher database and improved coordination and targeting of seminars and other events across participating HEIs is gradually beginning to foster increased and more regular cross-institution attendance. The enhanced quality of seminar presenters enabled by supplementary funding from the BIC activities programme (see section 5.2) provides a further incentive for cross-institution attendance. SIRE funding has also enabled a number of eminent seminar speakers to remain for longer and interact more extensively with BIC researchers.
- 3.2.5 One such visit of particular note is that of Professor Eric Maskin (Princeton), co-winner of the 2007 Nobel Prize for Economics. Professor Maskin's day-long November visit, in which he presented both a seminar and a public lecture, was his first visit to Europe following the announcement of his Nobel award in October. (see section 5.2).
- 3.2.6 In addition to the regular weekly seminar and workshop series, the BIC programme held two highly successful mini-conferences during the reporting period: "The Emergence of Institutions" (May 2008) and "Recent Developments in Research on Intergenerational Mobility" (June 2008). The latter was jointly funded by BIC, WW and the British Academy. See section 5.2 below for further details. These targeted mini-conferences provided an excellent vehicle for developing focused international research networks and show-casing the research taking place in SIRE.

- 3.2.7 To follow on from these successes a somewhat larger international conference is being planned for June 5th-7th 2009 on “Relativity, Inequality and Public Policy”. This conference, which will be held in Edinburgh, is jointly funded by BIC and Cornell University and co-organised by Professors Ed Hopkins (Edinburgh) and Ravi Kanbur (Cornell). Speakers at the conference will include: Richard Easterlin (USC), Robert Frank (Cornell), Carol Graham (Brookings), Ed McCaffery (USC), Andrew Oswald (Warwick), Matthew Rabin (Berkeley), Imran Rasul (UCL), Aldo Rustichini (Minnesota), Lise Vesterlund (Pittsburgh), and Shlomo Yitzhaki (Hebrew University of Jerusalem).
- 3.2.8 To maximise the benefits from the BIC activities budget, SIRE funding has been used to underwrite the financing of these events to allow planning and organisation to proceed. Event organisers have, however, been encouraged to apply for other sources of funding to defray the costs. All the mini-conferences referred to above obtained some external funding.
- 3.2.9 The core researchers within BIC are more geographically concentrated (in Edinburgh and Heriot Watt) than is the case with the other SIRE programmes. In some respects, this makes geography less of a challenge than it is for WW and MFLR. At the same time, it is important that BIC does not become excessively inward-looking. Engaging effectively with researchers based at other Scottish HEIs, whose work relates to BIC, is important if the benefits from research pooling are to be fully realised. This engagement applies both to work that falls clearly within the BIC remit as well as work that bridges between the SIRE research programmes.
- 3.2.10 For example, in the former category there is the exciting new grouping in experimental economics, based in Aberdeen, which is also the home of the new Scottish Experimental Economics Laboratory (see section 5.2). An encouraging sign is that this new lab facility has already been utilised by Edinburgh-based BIC researchers.
- 3.2.11 In the latter category, there is considerable potential, for example, for collaboration with WW in research on: contracts and incentives in health service provision; intergenerational mobility; and labour market contracts. In this regard, it is pleasing to note the involvement of BIC researchers in the new St Andrews Workshops in Applied Microeconomics and the CDMA conference (see sections 5.3 and 5.4), as well as the participation of a wide-range of researchers from elsewhere in the Edinburgh-based BIC workshop series. At a more specific level the potential for linking the work of Maia Güell and Sevi Rodriguez Mora on intergenerational mobility to Martin Chalkley’s work on health is under active exploration. To further foster these more outward-looking developments BIC is expanding its programme steering group to encompass a broader base in terms of both geography and research interests.
- 3.2.12 One concrete indication of the success of SIRE, reflected in SIRE milestones, is an increase in research grant income. During the reporting period there have been at least three major grant awards to BIC researchers: Jonathan Thomas £342,976 (ESRC), Jakub Steiner approx. £125,000 (ESRC) and John Moore approx. £1,250,000 (FP7 ERC Advanced Investigator Grant). In addition to these substantial grant successes, BIC researchers have also participated in some exciting collaborative and interdisciplinary grant bids and are continuing to do so. For example, there is a recently submitted application to the ESRC under their initiative for Exploratory Networks in Understanding Behaviour involving BIC researchers from St Andrews, Edinburgh, Aberdeen and Stirling in collaboration with neuro-psychologists.

- 3.2.13 A further indication of the success of SIRE, reflected in SIRE milestones, is growth of the PhD programme. Using Edinburgh as an illustration, the typical pre-SIRE intake was two new PhD students per year. The intake increased to 5 in 2007-08 (with one subsequently withdrawing for personal reasons) and rose again to 6 in 2008-09. A net increase of 6, above the pre-SIRE norm (and over half of the milestone target of 10 for the whole of SIRE). Similarly, the PhD intake at Heriot-Watt has also risen this year to 3, 2 of whom are ESRC funded. Importantly, the quality of intake has increased along with quantity, due, in part, to the enhanced attractiveness of the research environment as well as more specific improvements to the PhD programme itself (see section 3.5).
- 3.2.14 A further noteworthy achievement, which merits mention, is the election of John Moore, Director of the BIC programme, to the Presidency of the Econometric Society, which he will take up in 2010. At the same time Jonathan Thomas was elected a Fellow of the Econometric Society. Both achievements provide a clear recognition by international peers of the strong reputation and leadership of BIC researchers within the global research community.
- 3.2.15 Overall, as these brief notes indicate, there have been some significant successes in a comparatively short period of time. The task ahead is to build on these successes to ensure that the step improvement, which is already apparent, is sustained and further enhanced.

3.3 Work and Well-being

3.3.1 The WW programme steering group has continued to meet regularly. Its focus has been upon developing strategies in relation to:

- the development of WW themes
- knowledge transfer
- coordinating information and collaboration tools for linking researchers.

3.3.2 With regard to the last of these it had been hoped to roll out a web-based virtual learning environment adapted for the purposes of research collaboration. A pilot of this approach however showed it to be of limited value, particularly in relation to file sharing. Over the summer alternative technologies were explored. We have now set up a trial of web-based file sharing utilizing 'webdav' protocols, hosted at the University of Dundee.

3.3.3 A number of specific Work and Wellbeing events have been held over the last six months including: a workshop on *Health Inequality* in Dundee in March 2008; a workshop on *Tackling Poverty in Scotland*, which attracted considerable interest from policy makers, in April 2008; and two joint mini-conferences with the BIC programme - *Intergenerational Mobility* held in Edinburgh in June 2008, and *Incomplete Contracts: Theory, Evidence and Applications* held in St Andrews in September 2008. Section 5.3 below provides further details of these events.

3.3.4 A specific aim of the *Health Inequality* workshop was to encourage dialogue between the new SIRE professor in Aberdeen (Ulf Gerdtham) and fellow researchers in Dundee. It is particularly encouraging to note that, following the workshop, two research collaborations were initiated.

- The first of these "health and income inequality" involves Ulf Gerdtham, Dennis Petrie (SIRE Lectureship appointment at Dundee) and Paul Allanson (Dundee). This new collaboration has already resulted in a research paper, a journal submission and the development of a research grant application to the Chief Scientist's Office.
- The second collaboration "globalization and health" is interdisciplinary and involves clinicians based in Dundee alongside Ulf Gerdtham (Aberdeen), Hassan Molana (Dundee) and Catia Montagna (Dundee). This second collaboration has also generated a research grant proposal.

Any outputs arising from these collaborations can be very straightforwardly attributed to the SIRE investment: without SIRE the appointments upon which they are based, and the means to establish contact between researchers, would not have existed.

3.3.5 The 'ground-up' development of these research collaborations is a natural model for developing Work and Wellbeing themes. Further developments along these lines are to be explored at the next main WW event, taking place at Stirling on October 7th 2008, with input from, inter alia, Maia Güell (Edinburgh), Martin Chalkley (Dundee), Ulf Gerdtham (Aberdeen), David Bell and Sascha Becker (Stirling) and David Ulph (St Andrews).

- 3.3.6 We are currently in the process of organising a Work and Wellbeing programme Working Paper series and planning our next cycle of events.
- 3.3.7 The substantial major research grant awards in the reporting period provide an indication that the planned for step change in research within WW is beginning to bear fruit. These include: Ulf Gerdtham £175,000 (Swedish Research Council), Hans Hvide £95,000 (ESRC) and £80,000 (NFR), Martin Chalkley (Chief Scientist's Office), Carlo Morelli (Leverhulme), Martin Chalkley (The Department of Health, England), the Employment Research Institute, Napier £38,000 (Joseph Rowntree Foundation), Nick Hanley approx. £2,900,000 (EU FP7) and Ioannis Theodossiou approx £790,000 (EU FP7).
- 3.3.8 The reporting period has also seen healthy growth in the PhD programme at the main participating universities. For example, Aberdeen has 6 new PhD students, in Economics and HERU, with 2 funded by MRC studentships, for the academic year 2008-09. While Dundee's PhD programme has continued its upward trajectory, reaching a total of 18 in 2007-08. PhD students from across the programme have benefited from the enhanced advanced training provision linked to SIRE.
- 3.3.9 Overall, in WW, there are strong and encouraging signs of real progress, reflected in newly emerging research collaborations, which are beginning to bear fruit, strong growth in research grant bids and successes, and healthy development and expansion of PhDs. The key goal for the year ahead is to build on this encouraging start.

3.4 Macroeconomics, Financial Linkages and the Regions

- 3.4.1 In common with the other two SIRE programmes, MFLR has established a programme steering group. Current members of the steering group are drawn from Glasgow, Strathclyde, St Andrews and Dundee. The steering group provides a forum for the further strategic development of MFLR.
- 3.4.2 Discussions in the steering group have led to the identification of economic growth as a key unifying theme, which links the various MFLR researchers. Since economic growth is the central plank in the economic policy of the Scottish Government, the focus on growth creates the potential for valuable knowledge exchange with the government sector. To this end Ronald MacDonald, the MFLR Director, is one of the participants on the National Economic Forum.
- 3.4.3 All three of the main MFLR departments have very full seminar series. As is clear from the highlights listed in section 5.4, the calibre of presenters at these seminars has increased significantly. SIRE has enabled us to attract leading researchers from Europe and North America to visit Scotland.
- 3.4.4 One of the key challenges faced by the MFLR programme is the geographical dispersion of many of its researchers. The use of modern communication technology, including the facility to video-conference seminars and other events, provides a partial way of addressing this challenge. All Glasgow University seminars and conferences have been accessible via a video link since the inception of SIRE.
- 3.4.5 Targeted mini-conferences provide another way of mitigating geographical dispersion, by enabling travel time to be spread between a number of research presentations on the same day. MFLR has held 4 main mini-conferences over the reporting period.
- Macro & Finance mini-conference, focusing on macro-econometrics, 21st-22nd February 2008 in Glasgow. Key note speakers included: Søren Johansen and Katarina Juselius (Copenhagen), Karim Abadir (Imperial College London), David Hendry (Oxford) and Valerie Ramey (University of California, San Diego). Around the keynote addresses, junior faculty members from across the MFLR programme gave talks on their recent research.
 - European Workshop on Macroeconomics 27th-28th June 2008 in Glasgow. This 2-day event was co-organised by new SIRE Professor Klaus Wälde and colleagues from around Europe. It brought together young macroeconomists from Europe and North America to present their research.
 - Economic Geography: Past, Present and Future Prospects 26th-27th June 2008 in Strathclyde. Speakers included: Harald Badinger (University of Munich), Dermot Leahy (National University of Ireland Maynooth), Richard Baldwin (Graduate Institute of International Studies, Geneva and CEPR) Chiara Criscuolo (London School of Economics) and Ralf Martin (London School of Economics). Papers from the conference were invited for publication in the *Journal of Spatial Economic Analysis*, edited by Bernard Fingleton (Strathclyde).

- The annual Centre for Dynamic Macroeconomic Analysis (CDMA) Conference took place on the 3rd-5th September in St Andrews. The keynote speaker was Professor Matthew Canzoneri (Georgetown) . Other external participants included: Guido Ascari (Pavia), John Driffill (Birkbeck) , George Evans (St Andrews and Oregon), Sean Holly (Cambridge), Paul Levine (Surrey), Richard Mash (Oxford), Patrick Minford (Cardiff), Elisa Newby (Cambridge), Neil Rankin (Warwick) Eric Schaling (Pretoria), Peter Sinclair (Birmingham), Tony Yates (Bank of England).
- 3.4.6 The broader goal of these activities is to provide a dynamic research environment which fosters something more than a virtual interaction. One key to achieving this goal is to apply for at least one major collaborative ESRC (or similar) grant, and a number of smaller collaborative grants. This would not only directly engender cross-campus collaboration, but could also be used to provide funding for a number of research fellows in the different campus locations and supplement SIRE activities-funding for a joint workshop series.
- 3.4.7 The existence of SIRE has certainly fostered a stronger research culture and greater interest in applying for research grants. For example, at Glasgow a number of ESRC awards have been obtained over the reporting period, including: Gregg Huff £462,000, Richard Harris £191,000, Campbell Leith £121,000, Richard Harris £70,000. While at Strathclyde, Peter McGregor (with co-investigators Kim Swales, Robert Wright - also Strathclyde- and Richard Harris – Glasgow) has been awarded an ESRC grant of £434,526, with a further share of £131,000 of funding as joint co-ordinator of the project; Peter McGregor, Grant Allan, Kim Swales and Karen Turner (all Strathclyde) were also awarded approx £117,114 from the EPSRC; further major grant awards include Gary Koop £125,000 (Leverhulme) and Bernard Fingleton £69,282 (ESRC).
- 3.4.8 There has been a noticeable step increase in PhD applications since the inception of SIRE for the three main departments participating in the MFLR programme. This has resulted in an increase in the PhD cohort at each of the Universities. For example, the number of PhDs registered at Glasgow has risen from around 5 to 50 during the past three years, at St Andrews the current PhD enrolment is 17, while Strathclyde has an intake of 8 new PhD students in 2008-09 (four of whom are funded by Research Council grants).
- 3.4.9 A further noteworthy achievement, which merits a mention, is the appointment of John Beath (St Andrews) as Secretary General of the Royal Economic Society in June 2008.

3.5 Scottish Graduate Programme in Economics (SGPE) PhD programme

- 3.5.1 The Scottish Graduate Programme (SGPE) is a collaboration between the eight pre-1992 Scottish universities. The first year of the SGPE is a taught MSc in Economics (or Economics (Finance)), which is currently based in Edinburgh. Teaching on the programme is delivered by academic staff from all eight participating universities, with staff travelling to Edinburgh to deliver their lectures. There are currently approximately 70 students registered on the one year MSc.
- 3.5.2 For the PhD stage of the SGPE students move to the university where their primary supervisor is based. There are currently approximately 100 students in the PhD stage of the SGPE. This group is distributed fairly evenly over the eight participating universities.
- 3.5.3 A common goal of both the SGPE programme and SIRE is to generate healthy growth in the quantity and quality of PhD students on the programme. As is noted in sections 3.2-3.4 above, the creation of SIRE and the increased profile this has already given to economics in Scotland is already helping to achieve this goal.
- 3.5.4 There is, however, very strong global competition to attract economics PhD students. To enhance our ability to compete effectively at the upper end of this market there is a growing recognition that we need to enhance the advanced research training, post MSc, provided for PhD students. In effect, we need to move towards a 2 + 2 model for a PhD, closer to the structure of a North American PhD and the model more recently adopted by the top graduate programmes in England and continental Europe. The extant collaborative frameworks provided by the SGPE and SIRE mean that we are exceptionally well placed to provide such advanced research training.
- 3.5.5 Aspects of this advanced training are already being put in place. Since its inception the SGPE has held a highly successful annual conference of PhD students and academic staff (along with MSc students), at which PhD students make a presentation of their research. There is scope to add further more focussed collaborative PhD workshops at other stages in the year, within the context of the SIRE research programmes. One such workshop, organised by the Work and Well-being programme was held in the early stages of the programme's development, prior to the reporting period. A more recent event along these lines, outlined in sections 3.4 and 5.4, was the European Workshop in Macroeconomics, with presentations from PhD students and other young macroeconomists from Europe and North America as well as from within SIRE.
- 3.5.6 A further major step in the provision of advanced research training was the award in 2006 of £107, 914 from the ESRC Research Development Initiative for the SGPE PhD Training Sequence. Although this award pre-dated the formal creation of SIRE, the research collaboration envisaged by SIRE played a key role in the bid for ESRC funding.
- 3.5.7 The ESRC-funded PhD Training Sequence, directed by Robert Wright (Strathclyde), provides three workshops per year for a period of three years (2006-2009). One three day workshop each year is devoted to advanced topics in quantitative methods. The two further workshops per year are in specialised topics linked to Scottish research strengths.

- 3.5.8 To date there have been six workshops. Prior to the reporting period workshops 1 through 3 covered respectively: Behavioural Economics (Edinburgh), Panel Data Methods (Stirling) and Monetary Policy, Credibility and Learning (Heriot-Watt). Workshops 4 through 6, which took place during 2007-08, covered:
- *Workshop 4* Experimental Economics (Aberdeen) November 2007, with presentations from: Professors Miguel Costa-Gomes, Nick Feltovich and Joseph Swierzbinski.
 - *Workshop 5* International Trade (Strathclyde) February 2008, with presentations from: Professors James Markusen (Colorado), Ian Wooton (Strathclyde) and Dr Catia Montagna (Dundee).
 - *Workshop 6* Empirical Methods of programme and Policy Evaluation (Stirling) June/July 2008, with presentations from: Dr Jochen Kluge (RWI-Essen), Dr Arne Uhlenhorff (IZA), Graeme Roy (Scottish Government), Mark Schaffer (Heriot-Watt) and Robert Wright (Strathclyde)

For further information about the PhD Training Sequence see

<http://www.strath.ac.uk/economics/sgpe/phdtraining/>

- 3.5.9 Discussion between the participating universities are ongoing about the best approach to sustaining and expanding this advanced research training programme in the context of both SIRE and the SGPE collaborative frameworks. As part of these discussions we are also exploring the use of and enhancement to video-conferencing facilities, to facilitate the development of more extensive collaborative training courses. The development of such facilities would also have considerable potential for other SIRE and SGPE activities and events.
- 3.5.10 In the interim, before such longer term plans are developed and implemented, core advanced training courses on mathematical techniques in economics, and applied methods in econometrics, are being run at Edinburgh by SIRE Professors Maia Güell, Ed Hopkins and Sevi Rodriguez Mora. These training courses are available to all PhD students across SIRE and the SGPE. There are also occasional one-day training events, again made available to all PhD students across SIRE and the SGPE, for example: a one-day workshop on ‘Choice Modelling’ organised by Nick Hanley took place at Stirling in September 2008.

PART 4: SIRE Appointments

4.1 Recruitment

- 4.1.1 Recruitment to the vast majority of the 18 new Professorships and 18 new Lectureships created by SIRE was completed by the start of the reporting period. For a more detailed account of the recruitment process and the appointments made see the initial SIRE Report submitted in February 2008.
- 4.1.2 There were 13.2 (FTE) appointments made to SIRE Professorships, prior to the reporting period, with most of these new appointees being in post by or at the start of September 2007.
- 4.1.3 One of the new Professorial appointments made, at Aberdeen, converted a SIRE Lectureship into a SIRE Professorship (amending the total appointments to 19 Professorships and 17 lectureships).
- 4.1.4 In the course of 2007-08 the SIRE Professorship at Stirling has been filled at Readership level, by a younger and highly promising researcher, with a clear anticipation that he is on course to be rapidly promoted to a Chair. Regrettably the appointment to the SIRE Professorship at Heriot-Watt, included in the above total, was short-lived, with the appointee having to resign his new post and return to the US shortly after his arrival.
- 4.1.5 This leaves, as of end September 2008, 4.8 (FTE) SIRE Professorships unfilled: 2 at Edinburgh, 1 at Heriot-Watt, 1 at Dundee and 1.8 at St Andrews.

SIRE Senior Appointments

Programme	University	Appointee
BIC	Edinburgh	José V (Sevi) Rodriguez Mora
		Maia Güell
		Ed Hopkins
WW	Aberdeen	Hans Hvide Ulf Gerdtham Miguel Costa-Gomes
	Stirling	Sascha Becker ¹
MFLR	Glasgow	Guido Cozzi Gabriel Talmain Klaus Wälde
	St Andrews	Rod McCrorie George Evans ²
	Strathclyde	Gary Koop Bernard Fingleton

¹ Initially appointed to a Readership, see 4.1.4

² Part-time 0.2 FTE

SIRE Senior Vacancies (at 30.09.08)

Programme	University	Appointee
BIC	Edinburgh	2
	Heriot-Watt	1
WW	Dundee	1
MFLR	St Andrews	1.8

4.1.6 There were 16 appointments made to SIRE lectureships by or close to the start of the reporting period. Of the two outstanding appointments, one had been converted to a SIRE Professorship (see para 4.1.3 above) leaving one vacant SIRE Lectureship at Aberdeen in the WW programme.

SIRE Junior Appointments

Programme	University	Appointee
BIC	Edinburgh	Tatiana Kornienko Jakub Steiner Olga Gorbachev Kohei Kawamura
	Heriot-Watt	Philippe LeMay-Boucher
WW	Stirling	Ian Lange
	Dundee	Dennis Petrie Tom Love
MFLR	Glasgow	Luis Angeles Céline Azémar Iona Moldovan
	Strathclyde	Lise Tole Rodolphe Desbordes
	St Andrews	Alex Trew Fabio Arico Marco Faravelli

4.1.7 While the aim is to make appointments to the 5.8 senior vacancies and 1 junior vacancy within 2008-09, this is subject to meeting the high quality thresholds required for SIRE appointments. We are firmly of the belief that it is not in the interests of SIRE, or the future of economics research in Scotland, to sacrifice quality in order to make more rapid appointments.

4.2 BIC appointments

- 4.2.1 The SIRE award allocated 6 Chairs and 5 Lectureships to BIC, with 5 Chairs and 4 Lectureships based at the University of Edinburgh, and 1 Chair and 1 Lectureship based at Heriot-Watt University.
- 4.2.2 At senior level BIC has 3 of its 6 Chairs in post. Professors Mai Güell, Ed Hopkins and José V (Sevi) Rodríguez Mora.
- 4.2.3 One of the currently vacant Chairs, based at Heriot-Watt, was filled at the time of the initial SIRE Report submitted in February 2008. Regrettably the new appointee had to resign his post and return to the US shortly after his arrival. The plan is to re-advertise this post shortly.
- 4.2.4 The two remaining vacant Chairs are based at Edinburgh. Recruiting to date has been successful in attracting strong applications for these posts. We have, however, been highly selective when making offers, with the aim of ensuring that those appointed are exceptionally high potential researchers with a strong track record, who fit well within BIC and the broader research activities of SIRE. We firmly believe that lowering these high standards to meet a deadline, such as the RAE census date, would have been to the detriment of the long run interests of SIRE and economics research within Scotland. We have come very close to filling these two vacancies with high calibre candidates from North America (including a current full Professor from Yale) and will continue to recruit actively with no lowering of our high standards and aspirations.
- 4.2.5 We have succeeded in filling all 5 Lectureships with high quality appointees. Drs Olga Gorbachev, Kohei Kawamura and Tatiana Kornienko (Edinburgh) and Philippe LeMay-Boucher (Heriot-Watt).
- 4.2.6 Further details of the pedigree and research interest of the senior and junior appointees to BIC are provided in section 4.2 of the initial SIRE Report submitted in February 2008.
- 4.2.7 In the year since they have been in post these new appointees have made a substantial difference to the research life of their respective departments and, more generally, BIC and SIRE. By its nature much of this contribution is hard to measure. It manifests itself in informal conversations in corridors or over coffee, contributions to discussions in workshops and seminars, advice and suggestions about research in progress, and the sheer excitement generated by a critical mass of lively, enthusiastic and engaged researchers. There are, however, some more concrete and identifiable contributions to research activity made by the new SIRE appointees to BIC.
- 4.2.8 One measure of the impact of these new appointments, and SIRE in general, on research activity is publications. Publication lags, particularly in top journals, mean that it will take some time for the full impact to be realised. For 2007-08 the observable gain, in terms of actual publications, is the direct addition of the publications of the new SIRE appointees. Over 2007-08 the new SIRE appointees to BIC have published (in print or forthcoming) 7 papers in top 30 international journals (using the European Economic Association Rankings), which makes a substantial contribution to the overall SIRE milestone target of 15. BIC related appointments elsewhere, e.g. Aberdeen, add yet more to this total of top 30 publications in 2007-08 by new SIRE appointees.

- 4.2.9 Jakub Steiner, an Edinburgh-based junior SIRE appointment, has been awarded an ESRC grant of approx £125,000 to support his ongoing research on global games. While Mai Güell and Sevi Rodriguez Mora have recently submitted a substantial ESRC grant application to support their major research project on intergenerational mobility.
- 4.2.10 The significance of Mai Güell's and Sevi Rodriguez Mora's work on intergenerational mobility, as well as their research leadership, is also indicated by the highly successful international conference they organised on this topic in Edinburgh in June 2008 (see section 5.2).
- 4.2.11 Similarly, Ed Hopkins' important work on relativity concerns, some of it joint with fellow SIRE appointee Tatiana Kornienko, along with his research leadership is signalled by the forthcoming international conference on "Relativity, Inequality and Public Policy" to be held in Edinburgh in June 2009 (see para 3.2.7).
- 4.2.12 A further dimension of research leadership is reflected by Ed Hopkins' innovative strengthening of the PhD programme at Edinburgh, under his Directorship. This includes the development of advanced training courses in core mathematical and econometric techniques, which he co-teaches with fellow SIRE appointees, Mai Güell and Sevi Rodriguez Mora. In the spirit of both SIRE and the SGPE, these advanced training courses are available to all PhD students throughout the SIRE and SGPE networks.
- 4.2.13 The new BIC appointees are also beginning to build collaborative networks with researchers based elsewhere in SIRE. The junior appointees have been active participants in the new SIRE Forum for Young Researchers, and both junior and senior appointees appear frequently as seminar or workshop presenters at other SIRE universities. Mai Güell and Sevi Rodriguez Mora are discussing with Martin Chalkley (Director of WW) the potential linkages between their work on intergenerational mobility and health. While Tatiana Kornienko is part of a recent collaborative and interdisciplinary bid for ESRC funding under their initiative for Exploratory Networks in Understanding Behaviour.

4.3 W&W appointments

- 4.3.1 The agreed SIRE Business Plan allocated 4 Chairs and 5 Lectureships to the W&W programme: 2 Chairs and 2 Lectureships based at Aberdeen, 1 Chair and 1 Lectureship based at Stirling, and 1 Chair and 2 Lectureships based at Dundee.
- 4.3.2 To date 3 Chair appointments (all at Aberdeen), 1 Readership (Stirling) and 3 Lectureship appointments (two at Dundee and one at Stirling) have been made.
- 4.3.3 Aberdeen have converted one of their SIRE Lectureship posts to a Professorship. They had initially planned to convert their other SIRE Lectureship to a Professorship, but on further reflection, and consultation with the SIRE Executive, concluded that the three Chairs appointed at Aberdeen (Hans Hvide, Ulf Gerdtam and Miguel Costa-Gomes) provide the required research leadership, and that a more junior lectureship appointment would be more appropriate.
- 4.3.4 Stirling had the opportunity to appoint a relatively young and highly promising researcher (Sascha Becker). At the time of his appointment it was felt that he was not quite chairable, but was clearly on track. Following consultation with the SIRE Executive, the appointment was made at Readership level, with the understanding that promotion to a Chair was likely to follow shortly.
- 4.3.5 At junior level Tom Love and Dennis Petrie filled the two Lectureship posts at Dundee and Ian Lange was appointed to the Stirling Lectureship.
- 4.3.6 Further details on the background and research interests of these senior and junior appointments are provided in section 4.3 of the initial SIRE Report submitted in February 2008.
- 4.3.6 The appointments made to date leave a senior post at Dundee and junior post at Aberdeen unfilled. As noted in the initial Report submitted in February 2008 hiring at senior level in the field of health economics is particularly challenging. It is hoped that the ending of the recent RAE cycle will result in less fierce demand-side competition from other UK universities. We will continue to recruit actively, with no diminution of our strong commitment to appointing only the highest quality researchers.
- 4.3.7 In the comparatively short time since their arrival the new SIRE appointees have played a key role in enlivening and developing research life in WW. Much of this is intangible, at least as yet. We focus below on the more tangible evidence base for the step change in research activity that new appointees have helped to bring about.
- 4.3.8 Miguel Costa-Gomes has been instrumental in the development of the Scottish Experimental Economic Laboratory (SEEL) in Aberdeen. This resource is unique in Scotland, and a valuable asset for experimentalists based elsewhere in SIRE. SEEL has attracted a strong group of experimental economists to work in Scotland, amongst whom are Nick Feltovich and Joe Swierzbinski, who work in Aberdeen alongside Costa-Gomes. This experimental group is starting to explore potentially exciting linkages with researchers in HERU in the Valuation and Implementation programme.

- 4.3.9 Hans Hvide's work on entrepreneurial activity and new start-ups is a key element to the understanding of innovation, which is a central issue for work and well-being in Scotland. Hvide's work also adds support to the developing Centre for Entrepreneurship at Aberdeen.
- 4.3.10 Building on the discussions which took place at the *Health Inequality* workshop (March 2008, see section 5.3) between Ulf Gerdtham and researchers based in Dundee, two active research collaborations were initiated:
- The first of these "health and income inequality" involves Ulf Gerdtham, Dennis Petrie (SIRE Lectureship appointment at Dundee) and Paul Allanson (Dundee). This new collaboration has already resulted in a research paper, a journal submission (to the *Journal of Health Economics*, the leading international field journal) and the development of a research grant application to the Chief Scientist's Office.
 - The second collaboration "globalization and health" is interdisciplinary and involves clinicians based in Dundee alongside Ulf Gerdtham (Aberdeen), Hassan Molana (Dundee) and Catia Montagna (Dundee). This second collaboration has also generated a research grant proposal.
- 4.3.11 As well as these grant bids under review, the new SIRE appointees have also had grant successes. Ulf Gerdtham has a £175,000 grant from the Swedish Research Council and Hans Hvide has an ESRC grant of £95,000 and an NFR grant of £80,000.
- 4.3.12 Publications by the new SIRE appointees over the reporting period include papers (in print or forthcoming) in: the *Review of Economic Studies* (Costa-Gomes) and the *Quarterly Journal of Economics* (Becker) (both ranked in the top 10 international journals), as well as the *Economic Journal* and the *Journal of Health Economics*.

4.4 MFLR Appointments

- 4.4.1 The agreed SIRE Business Plan allocated 8 Chairs and 8 Lectureships to the MFLR programme: 3 Chairs and 3 Lectureships based at Glasgow, 3 Chairs and 3 Lectureships based at St Andrews, and 2 Chairs and 2 Lectureships based at Strathclyde.
- 4.4.2 Six full-time Chair appointments have, to date, been made: 3 at Glasgow (Guido Cozzi, Gabriel Talmain and Klaus Wälde, 1 at St Andrews (Rod McCrorie), and 2 at Strathclyde (Gary Koop and Bernard Fingleton). In addition St Andrews has made an appointment to a part-time (20%) Chair (George Evans).
- 4.4.3 At Lectureship level all 8 posts allocated in the agreed SIRE Business Plan have been filled: Luis Angeles, Céline Azémar and Iona Moldovan (Glasgow); Lise Tole and Rodolphe Desbordes (Strathclyde), Alex Trew, Fabio Arico and Marco Faravelli (St Andrews).
- 4.4.4 Further details on the background and research interests of these new SIRE appointees are contained in section 4.4 of the initial SIRE Report submitted in February 2008.
- 4.4.5 The contributions of these new SIRE appointees to the newly vibrant research ethos have been many and varied. We focus below on some tangible indicators.
- 4.4.6 Research leadership is illustrated by:
- Organization of the Macro & Finance mini-conference, February 2008, by Gabriel Talmain.
 - Co-organization of the European Workshop in Macroeconomics, June 2008 by Klaus Wälde.
 - Co-organization of the mini-conference on Economic Geography by Bernard Fingleton.
 - Development and organization of the new SIRE Econometrics Workshop series by Gary Koop and Rod McCrorie.
- 4.4.7 Successful grant bids by new SIRE appointees in the reporting period include: Gary Koop £125,000 (Leverhulme); and Bernard Fingleton co-investigator in the ESRC Centre for Spatial Economics based at LSE (£69,282 to Fingleton).
- 4.4.8 Publications by new SIRE appointees in the reporting period include articles (in print or forthcoming) in: *Journal of Development Economics*, *Journal of Economic Theory* (x2), *Journal of International Economics*, *Journal of Money, Credit and Banking*, *Economic Journal*, *Journal of Monetary Economics*, *American Economic Review*, and *European Economic Review*.
- 4.4.9 Presentations at major conferences and international venues include:
- 15th Congress of the International Economic Association, Istanbul (June 2008) Luis Angeles.
 - UN Workshop on Debt, Finance and Emerging Issues in Financial Integration, New York (April 2008) Luis Angeles and Céline Azémar
 - Royal Economic Society Conference, Warwick, Céline Azémar, Klaus Wälde

- Knowledge for Growth: European Strategies in the Global Economy, conference co-organised by the French Ministry of Higher Education and Toulouse (July 2008) Guido Cozzi
- 1st BGPE Conference, Nuremberg (November 2007) Klaus Wälde.
- University of Montpellier (February 2008) Klaus Wälde
- University of Lille (April 2008) Klaus Wälde
- CESifo, Munich (April and May 2008) Klaus Wälde
- Yale University (June 2008) Klaus Wälde
- Austrian National Bank (November 2007) Klaus Wälde

Part 5: SIRE events, activities and achievements:

5.1 SIRE Centre

5.1.1 Major events during reporting period:



SIRE Launch Conference, November 19th 2007

The SIRE Launch Conference was held in the elegant surroundings of the University of Edinburgh's Playfair Library on November 19th 2007. The all-day event provided an opportunity to meet with new and established SIRE researchers, and see them in action. In the morning and afternoon sessions, three research seminars were given by leading researchers from each of SIRE's thematic research programmes:

Seminar 1: Professor Guido Cozzi (Glasgow) Privatization of knowledge: did the US get it right?

Brilliant ideas, about new products and processes, are key to economic growth and international competitiveness. Such ideas often emerge from scientific discoveries which themselves have no immediate commercial value – so rewards may not be aligned to effort. Should basic research be publicly or privately funded? And, to foster innovation and growth, what kinds of discovery should be protected by intellectual property rights? Post 1980, the US intellectual protection regime has parted substantially from the European. Has the US chosen the better path?



Seminar 2: Professors Maia Güell and José V. Rodríguez Mora (Edinburgh) The names in Spain are mainly not in vain: inter-generational mobility and the information content of surnames.

Economic mobility, between generations, is notoriously difficult to measure. Although there are many cross-sectional data sets, there are few long panels. We propose an innovative solution, based on the idea that surnames act as a longitudinal marker. We measure the information content of surnames in a census of the Spanish population (of more than 40 million). We find that not only does family background matter, but it is mattering more – economic mobility, between generations, is *decreasing*. This trend is explained by an increase in assortative mating: like is pairing more with like. The hope is that our new method will be of use to non-economists too; e.g. in determining the importance of heredity for a medical condition.





*Seminar 3: Professor Martin Chalkley (Dundee)
Economics in tooth and jaw: extracting performance from dentists.*

The performance of the NHS dental service has been a source of much public debate, and some discomfort for policy makers (not to mention patients). Changes to dentists' pay structures have been tried across the UK. Such policy shifts enable us to test our models of economic incentives, given that there is a huge and seldom-exploited data bank recording dentists' activity in minute detail. We have a number of findings. (1) Remuneration matters – dentists paid differently perform differently. (2) It matters whether patients have to co-pay – dentists do more for patients who co-pay less. What can this tell us about how health care should be delivered?



Keynote address: The evening keynote address was given by Professor Tim Besley (LSE and member of the Bank of England Monetary Policy Committee) entitled: Economics for Public Service Reform

Reform of public services is a pressing issue in the UK and elsewhere. The lecture reviewed what the economics of incentives and organizations offers to the debate. In trying to understand what makes public services different, it developed a framework focusing on 3 Ms: missions, motivation and matching. It argued that these offer a novel take on how competition and incentives work in public service provision. It also discussed some issues surrounding public versus private provision of public services and governance of service provision.



Power point slides from the seminars and an audio recording of Professor Besley's keynote lecture are available on the SIRE website at:

<http://www.sire.ac.uk/archive/event-launch.html>



A key feature of the Launch Conference's success was the widespread attendance from all the universities participating in SIRE, with approximately 120 delegates attending for the full day. A further 68 attended for the evening session comprising the keynote address and reception, including representatives from the Scottish Government, the Scottish Funding Council, university senior management and the business and finance sectors. The day provided a valuable opportunity to network with old colleagues as well as new SIRE appointees. Indeed, the potential for research pooling was much in evidence in the

inter-university conversations that took place during breaks for coffee, lunch and the post keynote reception. SIRE's achievements were show-cased in the conference pack and poster displays, which outlined recent and forthcoming events and provided brief profiles of the impressive group of new SIRE appointees. The feedback on the Launch Conference has been strongly positive, which bodes well for the future of SIRE.

SIRE Forum for Young Researchers

The SIRE Forum for Young Researchers (SFYR) brings together young researchers from across Scotland and across all of the research areas encompassed by SIRE to meet and discuss research. The aim is to develop a shared understanding of what research they are each doing, and foster the development of joint research. Its location will rotate around the participating universities, with St Andrews being the initial host in 2007-08, and Stirling followed by Strathclyde taking over as hosts for 2008-09. Topics are chosen such that, in each year, the talks will span the full range of SIRE themes.

In 2007-08, the presentations were all by a young researcher, with both senior and junior academics attending. Following discussion with participants, the format has been modified for 2008-09, when each forum meeting will include two presentations by young researchers and one by an internationally renowned scholar. The meetings are structured to give plenty of time before and after the presentations for general discussion and interchange of ideas among all participants. The inaugural Forum meeting took place on the 22nd February 2008, and was well attended by young researchers from around Scotland. Presenters for the four 2007-08 sessions were drawn from Edinburgh, Glasgow, Stirling and Aberdeen:

22nd February 2008: Santiago Sanchez-Pages (Edinburgh)

Title: 'The Emergence of Institutions'

14th March 2008: Luis Angeles (Glasgow)

Title: 'Economics and the Demographic Transition'

18th April 2008: Michael Finus (Stirling)

Title: 'Stability and Success of Regional Fisheries Management Organizations'

9th May 2008: Juergen Bracht (Aberdeen)

Title: 'An experimental study of information mechanisms in the trust game: Effects of observation and cheap talk'

Meetings, for 2008-09 at the University of Stirling:

30th September 2008; input from the following 3 speakers:

- Professor Andrew Oswald, University of Warwick, UK, Visiting Fellow, ILR School, Cornell University, USA and ESRC Professorial Fellow
Topic: Happiness and Health and the Future of Economics
- Dr. Helmut Rainer, University of St Andrews, Scotland, UK
Lecturer
Topic: Good Intentions, Unintended Outcomes? The Effects of Tax-benefit Policy on the Behaviour of Divorced Parents
- Dr. Ian Lange, University of Stirling, Scotland, UK, Lecturer
Topic: Contact Parameters' Impact on Coal Prices

25th November 2008; the following 3 presenters are scheduled:

- Professor David Ulph, University of St Andrews, Head of School of Economics & Finance
- Dr. Céline Azémar, University of Glasgow, Lecturer
- Dr. Colin Jennings, University of Strathclyde, Lecturer

For further information on the SFYR meetings in 2007-8 see:

<http://www.st-andrews.ac.uk/economics/SFYR/index.html> and in 2008-09 see:

<http://www.economics.stir.ac.uk/SFYR/SFYRindex.htm>



SIRE-SCEME Mini-conference, October 13th 2007

The 9th SCEME Mini-conference on 'Knowledge, Information and the Economy' was held in the University of Stirling on October 13th 2007. The keynote speakers were Kurt Dopfer (St Gallen) and Deirdre McCloskey (Illinois). The event was co-sponsored by SIRE and SCEME (Stirling Centre for Economic Methodology). The involvement of SIRE added value in two key respects: (i) It enabled the event organisers to take advantage of the opportunity of Deirdre McCloskey (a leading US methodologist) being in Ireland to invite her as a second keynote speaker; (ii) SIRE

sponsorship of attendance by Scottish-based economists led to 19 of the 26 attendees being Scottish-based economists, with 8 of these being first time attendees.

Scottish Economic Society Conference, April 21st-23rd 2008

SIRE made its presence felt at the annual Scottish Economic Society Conference, which draws an international audience (particularly from Europe). Information about SIRE was distributed in the conference packs and poster boards on display at the conference venue in Perth. This year's President's Lecture was given by Professor Martin Browning (Oxford) and the SES Policy Forum focussed on "the future of the housing market". Andy Ross, the Deputy Director of the Government Economic Service, gave the after-dinner talk on "Economists in Government

SCEME-PKSG-SIRE Mini-conference, September 20th 2008

The 11th SCEME mini-conference on 'Methodology after Keynes' took place in Stirling on September 20th 2008. The mini-conference was jointly organized by SCEME and the Post Keynesian Economics Study Group, with SIRE support for attendance by Scottish researchers. Visiting speakers included: Anna Carabelli (Piemonte), Angel Asensio (Paris), Jesper Jespersen (Roskilde), Victoria Chick (UCL), Geoff Tily (ONS), Mark Hayes (Cambridge), Mogen Ove Madsen (Aalborg) and Jan Toporowski (SOAS).

5.1.2 Forthcoming developments and events:

SIRE Econometrics Workshop Series

The new SIRE appointments have added a substantial number of theoretical and applied econometricians to Scotland's longer-established strengths in applied micro-econometrics. Notable additions at senior level include: Professors Bernard Fingleton, Maia Güell, Gary Koop, Rod McCrorie and Gabriel Talmain. The new and longer-established econometricians are dispersed across all the SIRE universities, with each university having at most one or two econometric theorists and a handful of applied econometricians. Among other things this makes it difficult to invite specialist econometrics speakers within the confines of a regular departmental seminar series. The SIRE Econometrics Workshop Series is the solution. The plan is that two or three times a year, all of the econometricians in Scotland will be invited to an afternoon workshop at a hosting university. While the precise details of each event may vary, the normal pattern is likely to involve two visiting speakers at each workshop, together with plenty of opportunity to discuss research with the visitors and econometric colleagues from around Scotland.

This new workshop series provides a good illustration of research pooling in action. It is also noteworthy that two of the new SIRE hires, Professors Rod McCrorie and Gary Koop, played leading roles in developing this initiative.

The inaugural workshop will take place on 3rd December 2008 at St Andrews, where the guest speakers will be Robert Taylor (Nottingham) and Giuseppe Cavalieri (Bologna).

SIRE Policy Forum

Plans are under development to hold regular Policy Forum meetings, which would bring together economists from the academic and government sectors. The intention is for each meeting to have a thematic focus on a topic of interest and relevance to both academic researchers and economists in Scottish Government. Initial discussions with Scottish Government economists, and key academics, indicate strong support for this initiative. Professor Richard Harris (Director of the Centre for Public Policy for Regions) and Professor David Ulph (St Andrews and former Director of Analysis at HM Revenue & Customs) are taking a lead role in co-ordinating this development.

5.2 Behaviour, Incentives and Contracts (BIC)

5.2.1 Major events during reporting period:



Professor Eric Maskin visit , November 30th 2007

Professor Maskin is the Albert O. Hirschman Professor of Social Science at the Institute for Advanced Study, Princeton, and co-winner of the 2007 Nobel Prize for Economics for his work on mechanism design. We were particularly honoured to be visited by a Nobel Laureate in between the announcement of his award on the 15th October and the award ceremony in December. Professor Maskin is a co-author of SIRE Director and BIC Programme Director John Moore, and their joint paper “Implementation and Renegotiation” (*Review of Economic Studies*, 1999), along with two further papers by John

Moore, are cited in the Prize Committee’s scientific background paper.

In the morning of his day-long visit Professor Maskin presented a BIC seminar on “Evolution and Repeated Games” drawing a capacity audience of around 70. Then in the late afternoon he gave a Public Lecture entitled “How Should Members of Parliament be Elected”. In this lecture, he used insights from mechanism design to address a practical question that is of importance to economists and political scientists but also to all citizens with an interest in the political process: which voting method should be used to elect members of Parliament? Professor Maskin’s lecture provided an excellent demonstration of his enviable ability to convey deep, rigorous and technical research insights in a way that is compelling and easily accessible to a lay person. As with the morning seminar, the lecture drew an impressive audience of around 200, many of whom stayed to talk more informally with Professor Maskin at the close of his lecture. The day’s activities drew to a close with an enjoyable dinner and concert visit.

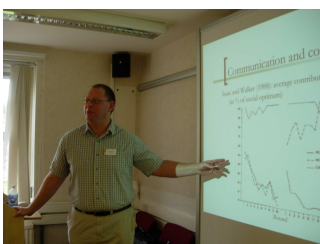
For further information on Professor Maskin’s visit, including slides of his lecture and a pdf of a related paper, see:

<http://www.sire.ac.uk/archive/event-maskin.html>



Scottish Experimental Economics Laboratory – Aberdeen

The Scottish Experimental Laboratory (SEEL) is a brand new centre for experimental economics research, equipped with 28 networked PCs and two servers. SEEL is located on the King’s College campus of the University of Aberdeen and Directed by the newly appointed Professor Nick Feltovich. The labs experimental facilities are available to researchers from all SIRE universities.



On 22nd-23rd November 2007 the new experimental lab hosted a workshop in experimental economics as part of the PhD training sequence for the Scottish Graduate Programme in Economics. About 25 students attended, with featured speakers: Miguel Costa-Gomes (new SIRE Chair), and Professor Joe Swierzbinski and Nick Feltovich.

For further information see: <http://www.abdn.ac.uk/~pec214/seel/>



Above:
Institutions Workshop

Below:
Mobility Conference



The Emergence of Institutions, 16th -17th May 2008

Mini-conference organised by Stéphane Straub and Santiago Sánchez-Pagés – Edinburgh.

The SIRE workshop on The Emergence of Institutions gathered researchers from all over the world to discuss ideas from multidisciplinary viewpoints, including Political Science, Sociology and Economic History. The papers presented at the workshop mainly fell into two categories: First, the analysis of the dynamics of institutional change and the processes of institutional emergence. Second, the study of the functioning of specific institutions.

Among the main speakers, the workshop hosted presentations by James Fearon from Stanford University, a leading political scientist; George Lagunoff, from Georgetown University; leading economic historian Chris Kingston from Amherst College. From Europe, Jean-Philippe Platteau, one of the top development economists from the continent, Kai Konrad, an expert on the design of institutions in lawless societies and Emmanuele Auriol, from the Toulouse School of Economics. We were also fortunate enough to have the participation of Mariano Tommasi, an expert in Political Economy from the University of San Andres in Argentina.

Along with these eminent visitors, the event drew many of the leading researchers from Scotland, including: Professors John Moore, Jonathan Thomas and Jozsef Sakovics from Edinburgh and Charles Nolan from St Andrews.

Young researchers from almost all the SIRE institutions participated in the event with Lecturers from Glasgow, Aberdeen, Heriot-Watt, St Andrews, Edinburgh and Strathclyde acting as discussants.

For further details see:

<http://www.sire.ac.uk/funded-events/institutions/index.html>

Recent Developments in Research on Intergenerational Mobility, June 27th -30th 2008.

Mini-conference organised by José V Rodriguez Mora and Maia Güell (Edinburgh) with Roland Bénabou (Princeton) and Gary Solon (Michigan).

This mini-conference was a joint event of the *Behaviour, Incentives and Contracts* and *Work and Well-being* programmes.

Participants included: Raquel Fernandez (NYU), Massimo Morelli (Columbia), Glenn Loury (Brown), Gary Solon (Michigan State), Roland Bénabou (Princeton).

The event brought together empirical and theoretical experts in the area of intergenerational mobility; with the aim of bridging the gap that sometimes seems to exist between theory and measurement.

The conference proved extremely successful. We were able to attract top worldwide researchers in the field to present their work and participate in the conference. These included both leading empiricists and theorists, and promising younger researchers in the field, many of whom had not met before. In all there were more than 40 participants, including: academic economists from around the world as well as across Scotland; other social

science researchers, such as sociologists and historians; and policy makers, from the Scottish Government, the Scottish Funding Council and the Sutton Trust. The variety and quality of people that attended the conference ensured that the debate that took place was truly enriching

for everyone as well as meaningful and relevant. The conference format allowed for plenty of time after every presentation to have an open discussion, and included a number of social events providing the opportunity for more informal and invaluable interaction and discussion. It was clear from the feedback received from participants that this event was very useful in disseminating results, getting feedback and ideas for new research developments, and for the development of future collaborations.

For further information see: <http://www.sire.ac.uk/funded-events/mobility/index.html>

Incomplete Contracts: Theory, Evidence and Applications, 8-10 September 2008.

The 2nd St Andrews *Workshop in Applied Microeconomics*. A joint event of the *Behaviour, Incentives and Contracts* and *Work and Well-being* programmes. See section 5.3 below for a report.

5.2.2 Seminar highlights during the reporting period include:

Jörgen Weibull (Stockholm) Oct 1st 2007 “Language, meaning and games: A model of coordination, communication and evolution” - Edinburgh

Fabien Postel-Vinay (Bristol) Oct 22nd 2007 “The timing of aggregate employment expansions: New facts and a new hypothesis” – Edinburgh

Paola Manzini (QM, London) Date? 2007 “Two-stage boundedly rational choice procedures: Theory and experimental evidence” – St Andrews

Martin Perry (Rutgers) Nov 5th 2007 “Preferred suppliers in auction markets” - Edinburgh

Leonardo Felli (LSE) Nov 26th 2007 “Statute Law or Case Law” – Edinburgh

Eric Maskin (Princeton) Nov 30th 2007 “Evolution and repeated games” - Edinburgh

Orazio Attanasio (UCL) Dec 3rd 2007 “Education choices, subjective expectations and credit constraints” – Edinburgh

Victor Lavy (Hebrew, RHUL) Dec 4th 2007 “Inside the black box of peer ability effects” - Edinburgh

Simon Board (UCLA) Dec 12th 2007 “Relational contracts with on-the-job search” - Edinburgh

Thomas Jeitschko (Michigan State) Feb 4th 2008 “Endogenous entry in markets with adverse selection” – Edinburgh

Martin Cripps (UCL) Feb 18th 2008 “Common learning” – Edinburgh

Mario Macis (Michigan) March 3rd 2008 “Wage dynamics and insurance” – Edinburgh

Elu von Thadden (Mannheim) March 3rd 2008 “Incentives for unaware agents” – Edinburgh

Espen Moen (NSM) March 10th 2008 “Industry Dynamics and Search in the Labor Market” – Edinburgh

Imran Rasul (UCL) March 17th 2008 "Blissful Ignorance? Evidence From a Natural Experiment on The Effect of Information Feedback on Performance". The paper is joint with Oriana Bandiera (LSE), and Valentino Larcinese (LSE). – Edinburgh

Jean-Robert Tyran (Copenhagen) April 14th 2008 "Tax Illusion and Communication (with Rupert Sausgruber, University of Innsbruck)" – Edinburgh

Klaus Schmidt (Munich) April 22nd 2008 "Reputation and Contract Design" – Edinburgh

Andreu Mas-Colell (UPF, Barcelona) April 28th "Cooperation through bargaining in the strategic form" – Edinburgh

Wouter Dessein (Chicago) May 5th "Organizing for Synergies: A Theory of Hybrid Organizations" – Edinburgh

Peyton Young (Oxford/Johns Hopkins) May 12th "Innovation Diffusion in Heterogeneous Populations: Contagion, Social Influence, and Social Learning" – Edinburgh

Ran Spiegler (UCL) May 26th "Consideration sets and competitive marketing" – Edinburgh

Jeff Campbell (Chicago Fed) June 3rd "Last-In First-Out Oligopoly Dynamics" – Edinburgh

Erica Field (Harvard) June 6th "Muslim family law, prenuptial agreements and the emergence of dowry in Bangladesh" – Edinburgh

Attila Ambrus (Harvard) June 6th "A continuous-time model of multilateral bargaining with random arrival times" – Edinburgh

Josepa Miquel-Florensa (York, Toronto) June 11th "Tell me what you need: Signalling with limited resources" – Edinburgh

Colin Stewart (Toronto) June 23rd "Testing multiple forecasters" – Edinburgh

Gary Charness (UC Santa Barbara) September 8th "The Origin of the Winner's Curse" – Edinburgh

Glen Waddell (University of Oregon) September 22nd 2008 "Income-targeted financial aid and patterns of post-secondary matriculation" – Edinburgh

Josep Pijoan-Mas, CEMFI (Madrid) September 29th "The Effects of Labor Market Conditions on Working Time: the US-EU Experience" – Edinburgh

5.2.3 Forthcoming seminar highlights include:

Vicente Cunat (LSE) 6th October 2008

Maitreesh Ghatak (LSE) 13th October 2008

John Duffy (Pittsburgh) 13th October 2008

Michael Elesby (Michigan) 20th October 2008

Stefano Demichelis (Pavia), 27th October 2008

Torsten Persson (Stockholm) 7th November 2008

Antonio Cabrales (Carlos III, Madrid) 10th November 2008

Bruno Biais (Toulouse) 19th January 2009

Gilles Saint-Paul (Toulouse) 9th February 2009

Navin Kartik (Institute for Advanced Study, Princeton)

The main BIC seminars are accompanied on the same day by *research workshops*, where research in progress is presented by a mix of visiting and Scottish-based researchers. Presenters over the reporting period included: Karolina Ekholm (Stockholm), Santiago Sanchez-Pages (Edinburgh), Jonathan Thomas (Edinburgh), Fabio Arico (St Andrews), John Moore (Edinburgh), Frans De Vries (Stirling), Michael Finus (Stirling), Gabriel Talmain (Glasgow), Kohei Kawamura (Edinburgh), Ed Hopkins (Edinburgh), Colin Jennings (Strathclyde), Jozsef Sakovics (Edinburgh), Marco Faravelli (St Andrews), Mario Macis (Michigan), Philippe LeMay Boucher (Heriot-Watt), Olga Gorbachev (Edinburgh), Kanika Thampanishvong (St Andrews), Hans Hvide (Aberdeen), Martin Chalkley (Dundee), Guido Cozzi (Glasgow), Geetha Selvaratnam (St Andrews), Nick Feltovich (Aberdeen), and Giuseppe De Feo (Strathclyde).

5.2.4 Recent major achievements include:

Professor John Moore FBA, the Director of SIRE and Programme Director of BIC, has recently been elected to the *Presidency of The Econometric Society*. He is currently a Vice President of the Society and will become President in 2010. As President, he will make the keynote address to the World Congress of the Society in Shanghai. The Congress, which is held only every five years, represents one of the world's largest international gatherings of economists. The Econometric Society is the most prestigious learned society in the field of economics, with a world-wide membership. Its remit is to recognise and encourage path-breaking research in economic theory and econometrics. Past presidents of the Society include John Maynard Keynes, Irving Fisher and many Nobel prize winners in economics, such as Amartya Sen and James Mirrlees. Being elected President indicates recognition by one's international peers of true leadership within the profession.

At the same time Economics Professor Jonathan Thomas FBA (Edinburgh) has been elected a *Fellow of the Econometric Society*. This is an exclusive honour with only about 400 active Fellows world-wide.

Professor John Moore FBA, the Director of SIRE and Programme Director of BIC gave the annual *Keynes Lecture to the British Academy* in October 2007 on "From shells and gold to plastic and silicon: a theory of the evolution of money in the spirit of Keynes". The Keynes Lecture is an annual series, proposed by the economists within the Academy and inaugurated in 1971. The lectures are devoted to an up-to-date survey of theoretical research and trends of thought in the field of economics.

Dr Stéphane Straub gave *two keynote addresses to the Sustainable Development Network of the World Bank* on Infrastructure and Growth in Developing Countries in February 2008. These addresses build on the work Dr Straub has carried out as author of a report surveying recent research and suggesting future research directions in the field of infrastructure economics for the Research Committee of the World Bank.

Professor Jonathan Thomas, along with co-investigators Professor Andy Snell and Dr Ric Holt, have been awarded an *ESRC grant* of £342,976 for a 3 year research project on "Cohort effects within firms, and their implications for labour market outcomes and the business cycle".

Dr Jakub Steiner, a SIRE appointee, has been awarded an *ESRC grant* of approx £125,000 for his ongoing research into global games.

Professor John Moore has been awarded an *FP7 ERC Advanced Investigator grant* of approx £1,250,000 to Moore

Professor David Ulph was invited to *present and discuss at an international workshop* hosted by RMNO (Dutch Research Centre for Environmental Issues), the Dutch Ministry of the Environment and the European Environmental Agency on the Use of Social Cost Benefit Analysis in Environmental Decision-Making. RMNO had produced a report on this for the Ministry and had asked a number of international experts to comment on it, and then attend this meeting to both make presentations and engage in a series of discussions with academics and policy-makers.

Professor David Ulph (St Andrews) is *presenting to the OFT* a new framework that he has devised, jointly with Yannis Katsoulacos, for competition policy procedures. David Ulph (along with collaborators) will be hosting an international workshop on this topic in July, with policy-makers from all main European competition authorities in attendance.

5.3 Work and Well-being

5.3.1 Major events during reporting period:

A Health Inequality Workshop at the University of Dundee, 19 March 2008
With presentations from Ulf Gerdtham (University of Aberdeen), Paul Allanson (University of Dundee) and Dennis Petrie (University of Dundee).



Tackling Poverty in Scotland: Principles, Absences and Opportunities. Mini-conference organised by Carlo Morelli (Dundee). 25 April 2008. (held at the premises of The Open University in Scotland). The mini-conference aimed to develop new approaches to welfare in the devolved Scotland through the interaction between policy-focussed applied researchers, non-governmental institutions and the Scottish Government. The event, which was over-subscribed, attracted a strong representation from all three groups. It has already succeeded in opening new doors, with further meetings, discussions and plans under development.

Recent Developments in Research on Intergenerational Mobility: June 27th-30th 2008 – a joint event of the *Behaviour, Incentives and Contracts* and *Work and Well-being* programmes. See section 5.2 above for a report on this mini-conference.

2nd St Andrews Workshop in Applied Microeconomics: Incomplete Contracts: Theory, Evidence and Applications, 8-10 September 2008. A joint event of the *Behaviour, Incentives and Contracts* and *Work and Well-being* programmes.

A two-day mini-conference was held at St Andrews on the theme of “Incomplete Contracts”. By design it contained a mix of papers covering pure and applied theory, empirical work and also a number of experimental studies. It drew academics from across Scotland, the UK, US and Europe to discuss these various aspects of incomplete contracts.

Speakers presenting empirical work included Hanan Jacoby of the World Bank, Christian Zehnder (Lausanne), Gary Charness (UCSB), and Oliver Kirchkamp (Jena) in a paper joint with Marco Faravelli and Helmut Rainer (both St Andrews). Further theoretical papers presented were from Tim Worrall (Keele), Jonathan Thomas (Edinburgh), Maija Halonen (Bristol), Pablo Casas-Arce (Pompeu Fabra) and Xenia Dassiou (City).

Delegates from different SIRE universities and beyond particularly enjoyed the broad range of approaches covered by the mini-conference and left with a deeper understanding of the research frontiers.

5.3.2 Seminar highlights include:

Hugh Gravelle (York) Oct 24th 2007 “Doctor responses to pay for performance: GPs and the Quality and Outcomes Framework” – Dundee

Steve Machin (UCL) Nov 14th 2007 “Panic on the streets of London: Police, crime and the July 2005 terror attacks.” – Aberdeen.

Richard Disney (Nottingham) Nov 22nd 2007 “Housing wealth, liquidity constraints and self-employment” – St Andrews

Robert Sauer (Southampton) Oct 31st 2007 “Life cycle employment and fertility across institutional environments” - Aberdeen

Marteen Lindeboom (IZA) Nov 21st 2007 “Health shock, disability and work” – Aberdeen

Simon Board (UCLA) Dec 12th 2007 “Relational contracts with on-the-job search” – Edinburgh

Gaute Torsvik (Bergen) Dec 5th 2007 “Pay and performance in a call centre: Principals and agents or principally angels” – Aberdeen

Marcelle Merette (Ottawa) Feb 27th 2008 “Population ageing, time allocation and human capital: A general equilibrium analysis for Canada” – Strathclyde

Bruce Newbold (McMaster) February 20th 2008 “In Situ versus Migratory Human Capital Growth Across Canada's Urban - Rural Hierarchy” - Dundee

Dr Aki Tsuchiy (University of Sheffield March 5th 2008 "States Worse than Dead: Issues around Health State Valuation Exercises" - Dundee

Jean-Robert Tyran (University of Copenhagen) Apr 15th 2008 “Tax illusion and communication” - Aberdeen

Anna Vignoles (LSE) April 30th 2008 “Parents Basic Skills and Children Cognitive Outcomes”.- Aberdeen

John Sessions (Bath) May 7th 2008 “Wages, Supervision and Sharing” - Aberdeen

Joao Cocco (LBS) May 30th 2008 “Longevity Risk and Retirement Savings” - Aberdeen

University of Stirling, Sept 10th 2008 A one-day workshop on Choice Modelling, organised by Prof. Nick Hanley

5.3.3 Recent major achievements include:

Catia Montagna, based at the University of Dundee, received two **knowledge transfer partnership (KTP) grants** (with Carlo Morelli and Sushil Mohan) for an approximate value of 125K and 127K respectively. Both grants are on export market penetration.

The Employment Research Institute at Napier University has received £38,000 from the **Joseph Rowntree Foundation** to research "How Can Disadvantaged Parents Escape From Recurrent Poverty".

EU Framework 7 Grant on “Enquiry into Health and Safety at Work: an EU perspective” approx €1,000,000, 19 partners directed by Prof Ioannis Theodossiou, University of Aberdeen. The project aims to review current knowledge and issues related to the economic impact of health at work in the European Union in an era of ageing populations. It focuses in developing common datasets regarding indicators of health and safety at work in the participant countries (including the incidence of accidents and illnesses at work as well as the incidence of absenteeism and early retirement due to illness/ accident). In addition the research will evaluate the cost and benefit of investing in health and safety at work, its repercussions for the quality of work will be examined and a comparative EU-wide assessment of the structure and dynamics of health and safety at work will be carried out. Finally, policy recommendations aiming at improving health and safety in the European labour markets in the context of the changing labour market environment will be developed.

The Environmental Economics group at Stirling University, led by Nick Hanley, have recently won a major grant worth €3.7 million from the **European Commission 7th Framework Programme**. Working with collaborators in eight European and African countries (including the Macaulay Research Institute in Scotland, and Imperial College London), “HUNTING for Sustainability” will assess the social, cultural, economic and ecological functions and impacts of hunting across a range of contexts in Europe and Africa.

Professor Maia Güell has been elected **Executive Committee** Member of the European Association of Labour Economists for 3 years starting September 2008.

Dr Sascha Becker from Stirling University has been appointed **external Research Professor** at the CES ifo Institute of the Ludwig-Maximilians-University (LMU) Munich, Germany, as of Sept 1st 2008.

Other **research grants** during the reporting period include: Martin Chalkley (Chief Scientist’s office), Carlo Morelli (Leverhulme), Martin Chalkley (Department of Health – England), Ulf Gerdtham £175,000 from the Swedish Research Council, Hans Hvide £95,000 from the ESRC and £80,000 from NFR.

5.4 Macroeconomics, Financial Linkages and the Regions

5.4.1 Major events during reporting period:



Macro & Finance mini-conferences, 21-22 February 2008

Two conferences on Economic and Financial Linkages were held in the Kelvin Conference Centre in Glasgow. The first conference took place on Feb 21st 2008. The keynote speakers were Professors Søren Johansen and Katarina Juselius from the University of Copenhagen. The second conference, on Feb 22nd 2008, was organised jointly with the Centre for Economic and Financial Studies. The event was led by Professor Gabriel Talmain, a SIRE appointee, and the keynote speakers were Professor Karim Abadir (Imperial College London), Professor David Hendry (University of Oxford) and Professor Valerie Ramey (University of California, San Diego)



European Workshop on Macroeconomics, 27-28 June 2008.

Co-organizers: Klaus Wälde (Glasgow), Dirk Krüger (Frankfurt), Salvador Ortigueira (European University Institute), Tom Krebs (Mannheim), Wouter DenHaan (Amsterdam), Monika Merz (Bonn)

Presentations were given by:

- Kamila Vetechnova (Georgetown)
- Raffaele Rossi (Glasgow)
- Odile Poulsen (UEA)
- Chiara Binelli (UCL)
- Mai Dao (Columbia)
- Luca Paolo Merlino (Universitat Autònoma de Barcelona)
- Marc Blatter (Bern)
- Maria Teresa Punzi (Boston College)
- José-Miguel Cardoso-Costa (Universidade Nova de Lisboa)
- Pavel Sevcik (Montreal)
- Jin Cao (Munich)
- Antonio Mele (UPF, Barcelona)
- Filippo Taddei (Collegio Carlo Alberto)
- Alexander Kriwoluzky (Humboldt University Berlin)



Economics from Hiroshima, 18th of March 2008

A mini-symposium featuring four members of the Faculty of Economics at Hiroshima University was held at the *Centre for Public Policy for the Regions* (CPPR) in Glasgow. Presentations covered a broad range of topics: higher education reform in Japan; natural rates in Japan; and labour market duopsony. The visit confirmed the potential for future collaboration on a variety of topics, such as regional & spatial issues in Japan. To further this collaboration, a return visit to Hiroshima, by Professors Cozzi and Harris is planned.

**Mini-conference on Economic Geography: Past, Present and Future Prospects,
26-27 June 2008**

The mini-conference, based in Strathclyde, brought together leading contributors to the "New Economic Geography" with a view to examining its past contribution, the state of the art and future direction of research. Speakers included: Harald Badinger (University of Munich), Dermot Leahy (National University of Ireland Maynooth), Richard Baldwin (Graduate Institute of International Studies, Geneva and CEPR) Chiara Criscuolo (London School of Economics) and Ralf Martin (London School of Economics) Papers from the conference were invited for publication in the Journal of Spatial Economic Analysis, edited by Bernard Fingleton.



CDMA conference, Sept 2008

The latest conference in this successful annual series, co-sponsored by SIRE, took place in St Andrews on Sept 3rd-5th 2008

The keynote speaker was Professor Matthew Canzoneri (Georgetown)

Other External Delegates included:

Guido Ascari, Professor, University of Pavia

Parantap Basu, Professor, University of Durham

Matthew Canzoneri, Professor, Georgetown University

John Driffill, Professor, Birkbeck College London

George W Evans, Professor, University of St Andrews and University of Oregon

Max Gillman, Professor, Cardiff University

John Hardman Moore, Professor, University of Edinburgh

Sean Holly, Professor, University of Cambridge

Richard Holt, Lecturer, Edinburgh

Campbell Leith, Professor, University of Glasgow

Paul Levine, Professor, University of Surrey

Richard Mash, Professor, University of Oxford

Patrick Minford, Professor, Cardiff University

Elisa Newby, College Lecturer, University of Cambridge

Joe Pearlman, Professor, London Metropolitan University

Laura Povoledo, Lecturer, University of Reading

Neil Rankin, Professor, Warwick University

Eric Schaling, Professor, University of Pretoria

Peter Sinclair, Professor, University of Birmingham

Klaus Waelde, Professor, University of Glasgow

Tony Yates, Senior Economist, Bank of England

5.4.2 Seminar highlights include:

Fabien Postel-Vinay (Bristol) Oct 2nd 2007 "The timing of aggregate employment expansions: New facts and a new hypothesis" – Edinburgh

Nigar Hashimzade (Exeter) Oct 25th 2007 "Country characteristics and preferences over tax principles" – Glasgow

Bruce McGough (Oregon State) Nov 9th 2007 "Stable finite-state Markov sunspots" – Heriot-Watt

Rick van der Ploeg (EUI) Nov 22nd 2007 “Political economy of the natural resource curse” – Glasgow

Luc Bauwens (CORE) Nov 29th 2007 “A component GARCH model with time-varying weights” – St Andrews

Fabrice Collard (Toulouse) Dec 6th 2007 “Gold rush fever in business cycles” – Glasgow

Yves Balasko (York) Jan 31st 2008 “Default without stigma” – Glasgow

Aleksander Berentsen (Basle) Feb 22nd 2008 “Inflation and unemployment in the long run” – Edinburgh

Oliver Morrissey (University of Nottingham) Feb 28th “Can Economic Models Help Explain Protection and Trade Policy Reform in Africa in the 1990s?” – Glasgow

Fabrizio Zilibotti (Zurich) March 6th 2008 “Rotten parents and disciplined children: A politico economic theory of public expenditure and debt” – Glasgow

Antonella Trigari (Bocconi) March 13th 2008 “An Estimated Monetary DSGE Model with Unemployment and Staggered Nominal Wage Bargaining” – Glasgow

Justin O'Brien (ANU) March 27th 2008 “When the Music Stops: The Role of Sovereign Wealth Funds in Bailing Out Wall Street” – Glasgow

Peter Neary (Oxford) April 10th 2008 “Multi-Product Firms and Trade Liberalization” – Glasgow

Pietro Peretto (Duke) May 13th 2008 “Technology, Population and Natural Resources: A Theory of Take-off and Convergence to Sustainable Growth”.

Peter Howitt (Brown) May 15th 2008 “When does Domestic Saving Matter for Economic Growth”.

Michael Bordo (Rutgers) May 20th 2008 “Foreign Capital and Economic Growth in the First Era of Globalization”

5.4.3 Forthcoming highlights include:

Dirk Krueger (Penn) November 13th 2008 “Taxing Capital? Not a Bad Idea After All!”

Wouter Den Haan (Amsterdam) December 18th 2008 “Anticipated Growth with Business Cycles in Matching Models”.

Lars Ljungqvist (Stockholm) January 29th 2009 “A Life Cycle Model of Trans-Atlantic Employment Experiences”.

Elhanan Helpman (Harvard) February 11th 2009 title to be confirmed.

5.4.4 Recent major achievements include:

Professor Peter McGregor (Strathclyde) has been awarded an **ESRC grant** of £434,526 for a joint project with Kim Swales, Robert Wright (Strathclyde) and Richard Harris (Glasgow) on "The Overall Impact of HEIs on Regional Economies". Peter McGregor has also been appointed as joint co-ordinator of the overall HEI project with Ursula Kelly (Information Resources Directorate, Strathclyde), with a further £131,000 of funding.

Peter McGregor, Grant Allan, Kim Swales and Karen Turner (all Strathclyde) have received a grant of approx £117,114 for a project on "Cross-technology innovation dynamics and scenarios" from the **EPSRC Supergen 2** Hydrogen Consortium.

Other **research grants** include Gary Koop £125,000 (Leverhulme); Bernard Fingleton co-investigator in the ESRC Centre for Spatial Economics based at LSE (£69,282 to Fingleton); Gregg Huff £462,000 (ESRC); Richard Harris £191,000 (ESRC), Campbell Leith £121,000 (ESRC); Richard Harris £70,000 (ESRC).

Professor Richard Harris (Glasgow) has been an **External Advisor to the Asia Task Force** set up by the Chancellor of the Exchequer. He has also served as an external advisor to UKTI on several projects it has commissioned and an internal evaluation of the trade development activities of UKTI's Sector Groups.

Professor Ronald MacDonald (Glasgow) has been appointed as an **advisor to the Central Bank of Poland** and gave an invited talk at a major international meeting at the Austrian Central Bank in November 2007 on currency issues for the EU accession countries.

Professor George Evans (St Andrews) gave an invited talk to the **Economic Summit**, Central Bank of Chile, in November 2007.

Professor Andrew Hughes-Hallett (St Andrews) is a **Member of the Council of Economic Advisors** to the First Minister and Scottish Government.