A look back over the Spring term

Professor Jagjit Chadha appointed next Director of NIESR

Congratulations to Jagjit Chadha on his appointment as Director of the National Institute of Economic and Social Research (NIESR), with effect from May this year.

Jagjit is a Professor in the School of Economics and Mercers’ School Memorial Professor of Commerce at Gresham College. He has held previous academic posts at the universities of Cambridge, Southampton and St Andrews and has also worked as an economist at the Bank of England and BNP Paribas. Throughout his career he has been a commentator and researcher on a wide range of macro-economic policy issues.

NIESR aims to promote, through quantitative and qualitative research, a deeper understanding of the interaction of economic and social forces that affect people’s lives, and the ways in which policies can improve them. The Institute is based in central London and has provided impartial research on a range of topics since 1938, when it was set up using charitable funding from the Rockefeller Foundation and the Leverhulme Trust among others. Recent Directors have included Andrew Britton, Martin Weale and Jonathon Portes.

Jagjit will continue to be involved with the School during his appointment, including supervising his postgraduate students, and we would like to wish him the very best of luck in this new post.

Jagjit says: "I have myself benefitted from a wonderful education during my time at Kent and hope to stay in close touch with my many excellent colleagues."

Read the NIESR’s news release below:

www.niesr.ac.uk/media/niesr-press-release-niesr-appoints-new-director-12409#.Vwy903n2aUn

Dr Alex Klein to sit on Czech research review panel

Dr Alex Klein, Senior Lecturer in Economics at the School, has been appointed by the Council for Research, Development and Innovation (CRDI), an advisory body to the government of the Czech Republic, as a panel member of the Verification and Review Panel for Research Assessment (Oborový verifikáni a hodnotící panel (OVHP)).

The purpose of the panel is to assess the quality of research conducted at Czech research institutions, and is an equivalent of the Research Excellence Framework (REF) in the UK.
Research by Professor Iain Fraser and his co-authors has been published in a Defra (Department for Environment, Food and Rural Affairs) report on the economics of ‘country of origin’ food labels (CoOL) with regard to meat sold in the UK.

The aim of the report is to improve consumer knowledge on the source of their food and to provide information about where their food comes from.

The report yielded five key findings. First, there was virtually no existing research on CoOL for meat in the UK. Based on 12 choice experiments, Defra established that UK consumers positively value CoOL and that this value appears to have increased as a result of the horsemeat incident in 2013. This finding indicates that CoOL has a meaning, for many consumers, beyond that of simply indicating origin.

Second, the importance of CoOL was found to be greatest for the fresh/chilled/frozen group of products (excluding chicken) and for gammon steak.

Third, CoOL was relatively less important as a product attribute for processed products where the quality signal provided by the Product Quality attribute and the Organic Production attribute are of greater importance. This relative effect is important as it might be considered as evidence to continue with a voluntary CoOL approach as opposed to adopting mandatory CoOL for these products.

Fourth, Defra found that survey respondents preferred a CoOL format that included a flag, even though this is not required by the legislation. They also found that a food label with a flag yielded differences in value attached to CoOL as the food label became more complex. This is important in as much as food labels are becoming increasingly complex, and a flag indicating CoOL may aid consumer search.

Finally, there is, for some of the products examined, an asymmetric response to CoOL, whereby a positive value associated with UK CoOL is accompanied by a larger negative value for non-EU CoOL. What this means is that consumers value more highly knowing that a product is not from the UK.

Iain’s research has also been published in the following journals:


German wages and international current account imbalances

It is often said that wage moderation in Germany was the primary cause of the current account imbalances in the euro area that emerged prior to the financial crisis. A new study by the School’s Professor Miguel León-Ledesma and Dr Timo Bettendorf, a Research Economist in the Economic department of the Bundesbank and a former PhD student at the School, puts this hypothesis to the test.

Persistent current account deficits can be problematic as, on account of the rise in external debt that they cause, they have the potential to make economies more vulnerable to shocks. Current account deficits arise when aggregate cross-border expenditure on goods and services, together with income payments and transfers sent abroad, exceed corresponding revenue. While many euro-area member states were posting such deficits, especially in the years prior to the financial crisis, Germany was recording high current account surpluses. Some observers even viewed these imbalances as the root cause of the sovereign debt crisis in the euro area.

An article on this research has featured in Research Brief (2nd Edition, March 2016) published by the Deutsche Bundesbank Eurosystem Research Centre.

You can read the full article here:

www.bundesbank.de/Redaktion/EN/Standardartikel/Bundesbank/Research_Centre/2016_02_research_brief.html;jsessionid=0000XDKR7K-6aUMI8jsp7CR2q7:-1
Spotlight on Channel Tunnel impact

Professor Roger Vickerman attended an international conference on 16 March to assess the benefits of the Channel Tunnel to the South East region. The conference, Twenty years under the Channel, and beyond, marked the 30th anniversary of the signing of the intergovernmental treaty of Canterbury, which inaugurated the tunnel project, and brought together academic experts, local authority officers and those connected with the project.

Controversy still exists over whether transport infrastructure is a condition for economic growth and development. Discussions centred on the impact of the cross-Channel rail system on the two regions brought together and crossed by the Channel Tunnel and its high-speed railway network.

The conference, which was organised by the French association Rails et histoire, is one of several looking at different aspects of the Tunnel’s operation 20 years after it opened. It also focused on the wider issue of the impact of the possible expansion of the high-speed network into other areas of the UK.

As well as Professor Vickerman, the conference featured a host of speakers, including Councillor Sean Holden, Deputy Cabinet Member for Economic Development, Kent County Council; Professor Philippe De Wilde, Pro Vice-Chancellor, University of Kent; Ricard Anguera Camós, Senior Manager, ALG-INDRA; Professor Yves Crozet, Université de Lyon; Stephen Gasche, Principal Transport Planner, Kent County Council; Professor John Preston, Professor of Rail Transport, University of Southampton; and Alain-Henri Bertrand, former Deputy Director General, Eurotunnel.

Transport economics expert calls for consistency

Earlier in the term, Roger Vickerman called for greater consistency in how the UK regulates its various transport modes.

Speaking at a discussion on transport regulation on 9 February organised by the Institute for Government in partnership with the City of London Corporation, Professor Vickerman argued that it was important to strike the right balance between user payments and public contributions.

This would be easier to achieve, he said, if there were consistent regulatory policies across road, rail and air transport.

Posing the question ‘who should pay for transport?’, Professor Vickerman pointed out that, in the UK, the general presumption has been that as the user – passenger or freight shipper – derives the direct benefit, the user should pay a significant contribution to the cost of the service.

This differs from the public service obligation view in most other European countries, where the State pays a larger share of the cost and fares are kept lower, he said.

Analysing each transport mode in turn, Professor Vickerman said that the evidence suggested that, in the case of roads, a toll-based system using standardised electronic charging – rather than the ‘bag of different systems currently in use’ – would enable a more consistent approach to be taken to all modes.

RES Conference 2016

A number of our staff and PhD students presented at the 2016 Royal Economic Society (RES) conference held at the University of Sussex on 21-23 March. Each of the papers can be found here:

Estimation of social interaction models using regularization by Guy Tchuente, Lecturer
Judicial Institutions, Relationship-Specificity and Growth: Evidence from India by Amrit Amirapu, Lecturer
Investment Specific Technology Shocks and Emerging Market Trade by Aydan Dogan, PhD student
Balance Dynamics by Aydan Dogan, PhD student
Voluntary Contributions and Signaling - Exploring a Unique Microcredit Model by Mahreen Mahmud, former PhD student at the School, now at the University of Oxford
Explaining Productivity Puzzles with Frictional Firm Entry: Endogenous Markups Versus Dynamic Reallocation by Anthony Savagar, currently at Cardiff University but joining our staff later this year.
Applying for a Year in Industry placement

James Harper is a current Stage 2 Economics student who has just secured a placement for his third year at the Government Economic Service (GES). We caught up with him to talk about the process of applying for the placement…

What will your placement involve?

I’ll be working as an Assistant Policy Adviser at HM Treasury, as part of the Pensions and Savings team. I’m likely to work on issues such as tax policies on private pensions, changes to the State Pension, and policy in relation to savings (eg ISA allowances and crowd funding).

Did you know you wanted to do the Year in Industry when you applied to Kent?

Yes – right from my first open day I was set on doing a year in industry! A university which offered a well-supported year in industry programme was very important in my application choices.

There were several reasons that convinced me to apply for a year in industry. Firstly, the experience gained on a placement year is invaluable, and leads to many placement students securing a graduate job offer before they even start the third year of their degree! Secondly, a year in industry allows you to ‘try out’ a particular industry, helping guide your application choices when the time comes to apply for graduate jobs. Thirdly, earning a salary whilst on placement allows you to save some money, which can be vital for your final year and once you graduate. Finally, placement students tend to come back to their final year more organised, more motivated, and statistically are more likely to end up with a better degree result!

How did you select where to apply?

During the first year of my economics degree, I began to realise that my main interest lies in economic policy. The GES was therefore an obvious placement choice for me, as a year in industry with them would give me the opportunity to work with government economic policy. In terms of a career with the GES, I was also attracted by the opportunity they provide to rotate across various government departments and try different areas of work.

What help did you receive from the School?

From the very beginning of my first year, the School provided employability advice and opportunities, including a talk about the GES from Professor Ulrike Hotopp, former Director for Analysis and Chief Economist at Defra (the Department for Environment, Food and Rural Affairs).

During the second year of an Economics with a Year in Industry degree at Kent, the School enrolls you in a module called Preparing for an Economics Placement. As part of this module, the School runs general training sessions on topics such as writing applications and preparation for assessment centres. One-on-one advice is also given on career options, as well as reading through CVs and applications.

The School is very helpful in preparing students for applications to the GES in particular, which is a very popular choice for aspiring placement students. For example, the School runs a GES briefing session which is delivered by previous Kent students who have secured placements at the GES, in preparation for the interview stage of the application process.

Did you apply to more than one organisation?

I also applied to the Bank of England, as they deal with another area of economic policy – monetary policy. The Bank offered me a placement within the Banking, Payments and Financial Resilience team. In the end, I chose the GES over the Bank as the particular issues I am likely to be working on with the GES interest me more than those at the Bank.

Could you explain the various stages of the application process?

Throughout the first year, the School starts providing information to all students about the year in industry programme, to encourage students to consider
Employability focus

Cont’d…

whether or not they’d like to apply for a placement in their second year. We were encouraged to use the summer vacation period to research whereabouts we would like to go for our placement. At the beginning of the second year, the School starts running the Preparing for an Economics Placement module, and students begin applying for placements. Students then secure placements throughout the year, some as early as October! After securing a placement, there is usually a small amount of admin work to do, eg signing contracts and agreeing on a start date. Finally, students begin their placement usually in the summer following their second year.

The application process varies across firms, although they generally follow a similar structure. The GES offers one of the simplest application processes – emailing off an application form, followed by a single interview at your allocated department (some departments, such as HM Treasury, may also require a numerical and written test at the interview stage). The Bank of England has a slightly longer application process – an online application, followed by online numerical, written and logical tests, a video interview, and an online Microsoft Excel test, plus an assessment centre at the Bank itself. For the entirety of both these application processes, I received advice from the School and past placement students on what to expect and how best to prepare.

When do you start and how long is the placement for?
My placement is due to begin in August, and runs for 12 months. This is a fairly common structure for placements, although there are some notable exceptions – placements with the Bank of England run for 13 months, for example. The length of my placement means that I may also get a chance to assist other teams in HM Treasury on a short to medium-term basis, such as the Welfare Projects branch.

Where will you live while on placement?
I’m planning on returning home for the year and commuting up to London. I’m hoping that this will help me save money during the year and allow me to set aside some money for the final year of my degree and for postgraduate study.

Do you have any advice to offer future students about this process?
Looking back, I think I should have spent more time working on my employability; not just during my first year but also during the summer before starting university. When filling out application forms or answering competency questions at interviews, most people end up wishing that they had more examples and experiences that they could draw upon. Whether it’s part-time work, volunteering, joining societies or playing a sport, anything which allows you to gain new skills and try out new experiences will help when you’re applying for a year in industry and when applying for a graduate job.

The School would like to wish James and all our placement students the very best of luck for next year!

Employability events

Working for the GES
Once again we were lucky to have Ulrike Hotopp, former Director of Analysis and Chief Economist at Defra (Department for Food and Rural Affairs) and an Honorary Professor with the School, visit to talk to our students about ‘Working for the Government Economic Service’.

Our thanks Ulrike for giving up her time and offering some interesting insights into what it’s like to work for a government department.

Alumni Networking
The School hosted a successful Alumni Networking Evening in February at the Marlowe Theatre in Canterbury. Both staff and students had the opportunity to talk to recent Economics alumni, who shared their experiences of life and work after university, and passed on some valuable tips to students on how they made their successful job applications.

Thanks to all those who came along and made the evening such a success.
Eastern ARC workshop

The School is hosting a workshop on behalf of the Eastern ARC Quantitative Social Sciences section at the University of Kent on ‘Economic and psychological perspectives on social issues using an experimental approach’. The workshop will be held in Keynes College on 20-21 April.

The purpose of the event is to highlight the synergy of research in economics and psychology with the aim to foster collaboration among students and faculty.

Discussion topics will include:

- Cognition and Coordination, eg focal points in bargaining, social communication, reasoning in games
- Group Processes, eg peer effects, pro-social behaviour, social exclusion, prejudice and discrimination, honesty and cheating
- Risk attitudes and social/ redistribution preferences, eg evaluation of environmental risk and uncertainty, attitudes to fairness and inequality, response to punishment or reward, poverty and self-control problems.

Full details on the workshop can be found at www.kent.ac.uk/economics/events/eastern-arc/experimental-workshop.html

CEAS seminars

Rural jobs and the CAP

The Board of the European Association of Agricultural Economists has approved a CEAS (Centre for European Agriculture-Environmental Studies) proposal for a seminar on the impact of Common Agricultural Policy (CAP) on rural job creation.

CEAS, in partnership with the Institute of Rural and Agricultural Development at the Polish Academy of Sciences, is organising a Pan-European seminar on ‘Analysis of the contribution of the Common Agricultural Policy (CAP) to European rural employment: past, present and future’.

This is a timely topic considering that the maintenance and creation of employment is a primary rural development objective, and is being pursued alongside those for competitiveness and environmental sustainability, and within a context of increased migration, both into Europe and between European states. The recent past has witnessed a continuous substitution of capital for labour both on farms, and in the associated sectors. Nevertheless, job creation, or at least job maintenance, is now implicitly if not explicitly an aim of the current CAP.

This seminar will analyse the association of CAP expenditure with the development of agricultural and rural non-agricultural employment across the EU, and ask how further CAP reforms might address rural job creation in the socio-economic conditions beyond 2020. The seminar will place special emphasis on both conceptual and methodological and data issues. The seminar will take place on 1–2 December 2016 in Warsaw, Poland.

Further details on the seminar can be found at www.inrirpan.waw.pl/eaae_warsaw2016

Seminar by Professor Michael Burton

CEAS hosted a special research seminar this term by Michael Burton, Associate Professor at the University of Western Australia. Professor Burton gave an interesting talk to staff and postgraduate students on ‘Spatially explicit discrete choice experiments: an application to coastal management in The Kimberley, Western Australia’. Michael visited the School for a week as a Thirlwall Visiting Research Fellow.

For further details on CEAS, see our web pages at www.kent.ac.uk/economics/research/ceas/

MaGHiC events

The Macroeconomics, Growth and History Centre (MaGHiC) has hosted two events this term.

The first was a lecture given by Professor Francesco Caselli from the London School of Economics on ‘Power struggles and the natural resource curse’ on 15 January.

The second was a PhD workshop held on 29 January, at which five of the School’s PhD students presented, including Sevgi Coskun, Florian Gerth, Oyakhilome Imbaghui, Luke Buchanan-Hodgman, and Young-Kwan Kang.

Details on these and other events held by the Centre can be found on our website at: www.kent.ac.uk/economics/research/MaGHiC/
Gresham Lectures

Professor Jagjit Chadha has given a number of public lectures over the past term, including those he delivered as the Mercers’ School Memorial Professor of Commerce at Gresham College. The Gresham lectures, which are part of a series on macroeconomics, have been on the topics of ‘The carry trade and uncovered interest rate parity’ and ‘Why doesn’t capital flow from high to low?’.

For details of future Gresham lectures, see www.gresham.ac.uk/professors-and-speakers/professor-jagjit-chadha

AES Conference

Three members of the School attended the 80th annual AES (Agricultural Economics Society) conference on 4-6 April.

Professor Rob Fraser presented a paper on ‘Compensation and Animal Disease’ and Professor Sophia Davidova presented on ‘Rural jobs and the CAP’. Rob Fraser and Dr Adelina Gschwandtner organised symposiums on ‘Plant Biosecurity Economics and Policy’ and Consumer Choice and the Organic Food Sector in the UK’ respectively.

Former Kent Economics PhD students, Dr Christina Siettou, now at the University of Nottingham and Barbara Tocco, at Newcastle University, also presented papers. Conference papers can be viewed on the AES website: www.aes.ac.uk/page.asp?id=3

Appointments

Dr Olena Nizalova has been appointed Managing Editor of VoxUkraine. VoxUkraine is an independent and non-partisan analytical platform, managed by a group of highly-experienced economists and lawyers based in Ukraine and elsewhere, and has become a major voice in the Ukrainian policy debate. http://voxukraine.org/about-2/

Recruitment

The School is currently engaged in recruiting two new professors to boost the strength of the School in the areas of Applied Microeconomic Theory and in Macroeconomics. Both posts can be found on jobs.ac.uk. In addition, we expect to interview candidates for two lecturer or senior lecturer posts in May 2016. This move will see the School’s strength in research and teaching increase significantly in the coming academic year.

New staff

The School would like to extend a very warm welcome to three new academic colleagues who will be joining us in the Summer term.

Dr Alfred Duncan will join the School as Lecturer in Financial Macroeconomics. He completed his doctoral studies at the University of Glasgow and, since 2015, has held the post of College Lecturer and Fellow in Economics at Christ’s College, Cambridge.

Alfred’s main research area is in macroeconomics with incomplete financial markets.

Dr Andrey Launov will take up the post of Senior Lecturer in Labour Economics. Dr Launov is currently at the University of Mainz, and held previous appointments at Louvain-la-Neuve, Belgium, and the Universities of Würzburg and Göttingen. He gained his PhD in 2006 at the University of Munich entitled ‘Structural estimation of search equilibrium models with wage posting’.

Anthony Savagar will join us as Lecturer in Macroeconomics, following the defence of his thesis entitled ‘Macroeconomic Dynamics and Firm Entry’ at the School of Business in Cardiff. Anthony’s research covers macroeconomics, mathematical economics and industrial organization.

PhD success

Congratulations and good luck for the future to the following PhD students who have passed their vivas this term:

- Isaac Sserwanja
- Barbara Tocco (now at Newcastle University Business School)

Finalists’ Dinner

After the success of last year’s event, the School held its second Finalists’ Dinner on the last day of term, 8 April. Held at the Abode Hotel in Canterbury, the dinner was to celebrate the end of teaching for final year students (see photos below).

A great time was had by everyone and the School would like to wish all the finalists the very best of luck in the forthcoming exams.

Graduation

This year’s graduation ceremony for Economics will be held on Wednesday 13 July at 2.30pm in Canterbury Cathedral.
For further news about the School of Economics, our staff and their research interests, see: www.kent.ac.uk/economics/

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