Welcome to our Spring term newsletter

Investment Banking and Hedge Fund Trading Challenge

Kent Invest held their second annual Investment Banking and Hedge Fund Trading Challenge on 21 February, following on from the success of the first event in 2014. The event was run by Fintratech, an organisation that is also contracted by top investment banks, such as the Bank of America, to train their new graduate intakes. Kent joins the universities of Warwick, Durham and Imperial in hosting the event, which offers a live simulation of a trading floor.

The day started at 9am with a tutoring session on how the trading platform functions and key trading concepts, after which the students were divided into an investment bank and a hedge fund. Within these two groups, students were split into teams of three and assigned their roles to reflect the structure of institutions in the real world.

The markets opened for trading and students were able to gain first-hand experience of short selling, negotiating, hedging, analysing incoming news and forming strong relationships with brokers and sales traders.

The students put a great deal of effort and commitment into the day, using it as an opportunity to develop the skills required to be successful both at university and in a future career. The event provided a true insight into the world of investment banking and also the chance to ask industry experts for career tips.

Kent Invest would like to say a special thank you to Alastair Bailey and the School of Economics for once again making this event possible.

Pamela Macedo
Acting President
Kent Investment Society

Kent Investment Society is a student-run society aimed at bringing together students interested in investing, to further develop their commercial awareness as well as gaining an interactive hands-on experience in global capital markets.

For further information about Kent Invest please visit www.kentinvest.co.uk

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MaGHiC Inaugural Lecture

Professor José-Víctor Ríos-Rull, from the University of Minnesota and the Minneapolis FED, delivered the Inaugural Macroeconomics, Growth and History Centre (MaGHiC) Lecture on Friday 16 January. He presented his work with Huo Zhen on ‘Financial Frictions, Asset Prices, and the Great Recession’.

The Great Recession that most western economies faced from 2008 was unusual in that it represented the largest drop of economic activity since the Great Depression of the 1930s. The loss of output, employment, productivity and house values during the period was of an order of magnitude many times larger than standard recessions.

Professor Ríos-Rull addressed a question on whether a financial shock in macroeconomic models can reproduce such a large slump. This financial shock comes in the form of tightening lending standards by banks. The answer to the question is ‘yes’: a quantitative assessment of a model with financial imperfections, and where demand can contribute to productivity fluctuations, demonstrated that we can generate such a large decline in economic activity even with a modest tightening of lending standards by banks.

For further information on the Macroeconomics, Growth and History Centre (MaGHiC), go to [www.kent.ac.uk/economics/research/MaGHiC](http://www.kent.ac.uk/economics/research/MaGHiC).

Macroeconomic challenges in the international economy

A workshop, jointly organised by MaGHiC and Aix-Marseille School of Economics, entitled ‘Macroeconomic challenges in the international economy’ was held on 20 March at the Château Lafarge in Aix-en-Provence.

Papers were presented on areas such as international financial contagion, international policy co-ordination, real exchange rate devaluation and growth, and fiscal devaluations. We were glad to welcome some top international macroeconomists such as Michael Devereux (University of British Columbia) and Charles Engle (University of Wisconsin).

The economic impact of new transport projects

Professor Roger Vickerman has continued to work on the methods of appraising the economic impact of new transport projects. Claims are often made that such investments will automatically lead to economic regeneration in the affected areas. However, such effects are not automatic and can in some cases lead to activities being drawn out of areas.

Roger’s expertise in the methods of analysis is often sought for new projects. He has provided advice on the potential impacts of HS2, the proposed high-speed rail line from London to Birmingham, Manchester and Leeds, and was invited to give evidence to the House of Lords Select Committee on Economic Affairs on the economic case for HS2. The Committee’s report, The Economics of High Speed 2, was published on Wednesday 25 March.

Roger has also advised on two projects in Australia; a light rail line in Canberra and a proposed new airport for Sydney, and participated in discussions at two meetings of the International Transport Forum.

While much of the effort goes into improving the analysis at the planning stage, authorities are increasingly interested in reassessing the impact of completed projects.

Professor Vickerman is involved in the European Commission’s ongoing effort to assess the impact of its Cohesion and Structural Fund expenditures on transport projects in the less developed regions of the European Union.
New publications

Applications of Principal-Agent Theory to Agricultural Land Use Policy: Lessons from the European Union

A new book by Professor Rob Fraser, one of the School’s experts in agricultural economics, was published earlier this month. Applications of Principal-Agent Theory to Agricultural Land Use Policy: Lessons from the European Union is based on Rob’s published research. It uses the principal-agent methodology as a consistent framework for analysing and evaluating the development of the European Union’s agricultural land use policy, as it has evolved over the last two decades from voluntary set-aside to ‘compliance’ set-aside to environmental stewardship.

The book begins with an introduction to the principal-agent methodology and to the historical development of agricultural land use policy in the CAP (Common Agricultural Policy). There are also literature-based introductions which contextualise each major part of the book (Parts A and B). The book concludes with some reflections and forward-looking comments on policy design lessons from this research, which will be of use to students, academicians and policymakers.

Applications of Principal-Agent Theory to Agricultural Land Use Policy: Lessons from the European Union is published by Imperial College Press and available to purchase from World Scientific at www.worldscientific.com/worldscibooks/10.1142/p1001.

Essays on Keynesian and Kaldorian Economics

This volume of essays contains 16 papers written by Professor Tony Thirlwall over the last 40 years on various aspects of the life and work of John Maynard Keynes and Nicholas Kaldor. They cover both theoretical and applied topics and highlight the continued relevance of Keynesian and Kaldorian ideas for understanding the functioning of capitalist economies.

Kaldor was one of the first economists to be converted to the Keynesian revolution in the mid-1930s, and he never lost the faith, so there was a strong affinity between them. But while Keynes revolutionised employment theory, Kaldor’s major concern in the latter part of his life was with the theory and applied economics of economic growth.

The papers on Keynes mainly relate to defending Keynesian economics against his classical and monetarist critics and showing how Keynesian ideas relate to developing economies and the functioning of the world economy in general. The papers on Kaldor give a sketch of his life and role as policy advisor, and outline his vision of the growth and development process within regions, within countries, and also in the world economy as a whole.

Essays on Keynesian and Kaldorian Economics is available to purchase from Palgrave Macmillan at www.palgrave.com/page/detail/essays-on-keynesian-and-kaldorian-economics-ap-thirlwall/?k=9781137409478&loc=uk.

British Economic Growth 1270-1870

This publication, mentioned previously in our Autumn term newsletter, will be launched at a seminar to be held at the British Academy in London on 15 May 2015. The book, co-authored by the School’s Dr Alex Klein, Stephen Broadberry, Bruce Campbell, Mark Overton and Bas van Leeuwen, offers a new account of Britain’s evolution from a backwater of Europe in 1270 to the hub of the global economy in 1870, based on a reconstruction of national output right back into the 13th century.

Details of the seminar can be found at www2.warwick.ac.uk/fac/soc/economics/research/centres/cage/events/15-05-15-british_economic_growth_1270_1870/.

For further details on staff research and publications, see our staff web pages at www.kent.ac.uk/economics/staff/
New module on Economic Controversies

The School is introducing a new 15-credit module to the Economics Stage 2 and 3 options list. The module, entitled ‘Economic Controversies’, will teach the skills of economic reasoning and argument by exposing students to the big debates within the discipline and in economic policy. The module draws on current and past controversies across many economics sub-disciplines. This equips students with the ability both to understand and contribute to the debates surrounding the recognised controversies within the discipline. The curriculum also provides an insight into the academic and professional development of the discipline.

Four controversies are covered each academic year, drawn from a range of topics pertinent to the discipline and relevant sub-disciplines, for example: ‘Is the living wage a good idea?’, ‘What is the best way to understand inflation?’; ‘Are currency unions ever a good idea?’ and ‘How far should governments intervene in markets, families and the way individuals make choices?’.

Economic Controversies (EC538) will be available to study in Spring 2016.

Lanre Kassim wins Kent Union Teaching Award

Lanre Kassim, an Economics PhD student, was recognised in the annual Kent Union Teaching Awards. The awards were created, and are run by students to recognise and reward staff for their commitment to the delivery of excellent teaching.

Our congratulations go to Lanre, who was presented with the award for ‘Postgrads who teach’ at a ceremony on 30 March. Lanre teaches on the first year module, ‘Introduction to Economics’.

Lanre commented, "I would like to thank the School of Economics for the opportunity to teach; and also thank Wei Jiang, John Peirson, Manuel Toledo and Alan Carruth for the privilege of being an assistant to them. I dedicate the award to the School and all my students”.

Summer School Scholarships awarded

An Economics student is one of 20 students to be awarded a place on the University’s European Summer School in Brussels. Aanisah Bibi Zainab Bauluck, a second-year student, was selected from over 300 applicants.

The European Summer School programme has been established as part of the University’s 50th anniversary celebrations, and builds on our international reputation and specialist postgraduate centres in Brussels and Paris. The Summer Schools will enable both those working and studying to develop their knowledge of the politics of the European Union (EU) or study the revolutionary influences of French history and culture.

The Brussels Summer School is centred on the theme of ‘Europe and the World’, and within this context various sub-themes will be also covered, including migration, the European Union's (EU) relationship with emerging powers such as China, and the EU’s response to the global economic crisis.

Student experience surveys

The Postgraduate Taught (PTES) and Postgraduate Research (PRES) Experience Surveys will open on 21 April. The surveys take about 15 minutes to complete, and all postgraduate students will receive an email with an invitation to take part. Anyone completing the surveys will be able to claim a £10 Amazon voucher.

The School would like to encourage all of our PG students to complete the survey – your opinion is important to us!
Evts

This term the School has set up a Student Experience Group, comprising Economics students and admin staff. A number of events are planned over the next year, among which are two being held next term for our final-year students.

**Economics Finalists’ Dinner**

The Finalists’ Dinner will be held at the Abode Hotel in Canterbury on Friday 10 April from 7.30pm-midnight.

It will be a great opportunity for our final-year students to get together to celebrate their time in the School before the start of exams.

**Graduation Reception**

Due to the success of this event last year, we will again be holding our Graduation Reception at the Marlowe Theatre in Canterbury, after the Graduation Congregation. The reception will be on Thursday 16 July, 12-2pm.

The event will be open to all our graduating students, both undergraduate and postgraduate. More information to come on this soon...

[www.kent.ac.uk/economics](http://www.kent.ac.uk/economics)

**The Economics of Happiness**

The School is hosting a special seminar for the University of Kent’s 50th Anniversary celebrations on Wednesday 8 April 2015. The seminar will be given by Andrew Clark and Andrew Oswald on ‘The Economics of Happiness: Does money make you happy and if not what does?’ and held in Keynes Lecture Theatre 1 at 4.00pm, followed by a drinks reception at 5.30pm.

Andrew Clark and Andrew Oswald were pioneers in the empirical study of happiness, beginning in the 1990s, and have worked extensively on the issue since, producing several seminal contributions.

Andrew Clark will begin by explaining the Easterlin Paradox, regarding the relationship between money and happiness. He will then discuss how the debate has developed to cover such things as religion and life events like marriage and divorce. Andrew Oswald will discuss the overlap between the latest social-science research on happiness and scientific work in biology, brain science, and primatology.

Andrew Clark is Professor of Economics at the Paris School of Economics. Particular interests include the use of job and life satisfaction data to analyse labour market phenomena. He has also looked at the role of income inequality and habituation for happiness.

Andrew Oswald is a Professor of Economics at the University of Warwick. His work lies mainly at the border between economics and behavioural science, and includes the study of human happiness. His work, for instance, has looked at how happiness is affected by life events such as divorce and employment.

If you would like to attend the seminar, please email Lisa Jones at L.T.Jones@kent.ac.uk.

**Goodbye**

This term we have said goodbye to Jose (Nacho) Silva, who has made the decision to go back to Spain to work.

The School would like to thank him for everything he did for the School, and wish him every success in the future.

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[50th Anniversary of the University of Kent](http://www.kent.ac.uk/economics)
Internships – our students’ experiences

Internships are not only a great addition to a CV, but give a real insight into the world of work and can help students decide on the career path they wish to pursue once they graduate.

Graduates who have undertaken an internship while at University are three times more likely to get top jobs. We strongly encourage all our students to gain relevant work experience while at university, whether it is a spring week or a longer summer internship. We offer guidance and assistance on where to look for internships, the application procedure and the University of Kent bursary to help with work experience expenses. A number of our students have received job offers following a summer internship.

Read on to hear first-hand experiences of students about their personal experiences of internships.

What did your role involve at the Mizuho Bank?

While working at Mizuho Bank I researched and developed new Reverse Stress Testing (RST) scenarios based on departmental stresses, and created new FX and interbank rate models. I completed a variety of departmental revaluations daily, often manually overriding data points to provide effective yield curves and datasets for modelling and trading. I interpreted, evaluated and collated political and economic news, using specialist Bloomberg software and various sources such as Reuters, to create daily and weekly departmental risk reports.

What was the most interesting aspect of your internship?

The most interesting aspect of the internship was researching and developing the new Reverse Stress Testing scenarios: RST utilises the conventional methods of risk management in reverse. The aim is predominately to predict future events, and model expected asset price movements. The importance of RST to both academia and financial institutes is growing, and combined with the large increases in demand (for workers) in the risk management area, it was an amazing opportunity to learn from, and work on, a new concept. I was able to use my skills and knowledge effectively, and influence and benefit the bank greatly.

What advice would you give to students who are looking to undertake an internship?

There are four main points:

- Pick a placement based on your ideal (potential) graduate job. Having basic knowledge in your field and making crucial contacts will put you in a good position when applying for jobs.
- Keep your contact links open, especially with your departmental boss; try to visit the following Christmas, and Easter too.
- Consider the length of the internship; you need a summer break, especially before the final year.
- Finally, do not worry about the wage. University is expensive, and the internship is likely to be too. Check with the University’s Careers and Employability Service for any support, and with the School. Some placements pay travel costs, whereas others pay a good wage. Why are you applying for an internship? For experience, not for money.

What do you feel you got out of your internship?

The main benefit would have to be direction in the third year. My dissertation topic – Risk Determinants in EMU Benchmark Government Bond Yield Spreads – was practically decided whilst on the programme. I worked daily with bond yield data across all maturities, but I was particularly interested in government bonds as yield was dropping to (and below) zero due to geopolitical uncertainty and economic issues. I started to question what determined risk differential in monetary unions, and my dissertation topic formed nicely.

Has your experience changed your future plans?

Yes and no – ‘yes’, because when I returned for the final year, I had a greater urge to focus on the present; passing my tests and exams, writing a good dissertation, and finally, enjoying the last year of study. But, ‘no’ because I’m looking to work in market and liquidity risk management; my preferences were reaffirmed.

What’s next after graduation?

Enjoy the (last full) summer first-and-foremost. But to secure a job in risk management would be the ideal.

Michael Thurlow

Michael is a current final-year student at the School of Economics. Here he talks about his summer placement as a Market Analyst, Market and Liquidity Risk Management, Mizuho Bank, London.
Internships – our students’ experiences (cont’d)

Aydan is a current PhD student at the School. She did a summer internship at the Bank of England.

**What did your role involve at the Bank of England?**

I did an internship at the Bank of England during the summer of 2014. I was based in the International Spillovers Team of the International Directorate and I was part of a research project.

**What was the most interesting aspect of your internship?**

The internship at the Bank of England has been a great opportunity as it allowed me to conduct policy-relevant research. It was not only helpful in terms of improving my research skills but also to learn how policy institutions operate. The Bank of England is a policy institution with the stimulating intellectual environment of a top academic department. They host excellent academics to give seminars, which allows researchers to follow forefront research and be part of it.

**What do you feel you got out of your internship? Has it helped your research?**

I worked on a project with Monetary Policy Adviser, Ida Hjortsoe on the role of the extensive margin of trade in the UK economy. It has been an invaluable chance to develop my research skills further with the advice from Bank of England economists. I found it very motivating to work on a policy-relevant research question in my field of specialisation. It also helped me to progress with my PhD work as the project will be part of my thesis.

**What are your plans for the future? And has your experience changed your plans in any way?**

Having a PhD in macroeconomics essentially gives you two options; academia and policy. Before the internship, I was only considering academia as an option, but my experience as an intern made me realise how understanding the questions that matter to policymakers and contributing to the policy debate increases the research motivation.

Employability events

This term the School has held a number of events to support students in their job and internship hunt. These included a CV check and job application workshop, which were both well attended. We also held a workshop on ‘What to do next…’. This was an informal session where students had the opportunity to talk about their plans after university and to hear about some of the options available to Economics students.

We held a mock assessment centre event on 25 March, led by the Careers and Employability Service, which involved a group exercise and a practice logic test.

On 31 March the School held a networking evening which was a chance for our current students to talk with Economics alumni about their careers since leaving Kent, and to hone their networking skills. The evening was a great success and we would like to say a huge thank you to Sophie Weavers, Sam Iremiren, Ben Grellier, Niji Adeleye, Aniq Ahmed, Guy Salgado de Miranda and Iria Camba Florez de Losada for giving up their time to come and speak to our students.

If any alumni would like to be involved in future events like this please contact Katie Marshall: K.Marshall@kent.ac.uk.
For further news about the School of Economics, our staff and their research interests, see: www.kent.ac.uk/economics/