

Scottish Institute for Research in Economics

Annual report to the Scottish Funding Council

For the period 1 Oct 2011 to 30 Sept 2012



Scottish Funding Council
Promoting further and higher education

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Part 1

SIRE Director's introduction

SIRE has now filled the positions that it was given when it was initially created. I am pleased that the rigorous insistence on research quality has been adhered to and our new appointees have further strengthened the cadre of high quality researchers brought to Scotland through SIRE. I am delighted to welcome our new appointees.

I also welcome Prof. József Sákovics as the new Director of BIC and thank Prof. Ed Hopkins for the excellent contribution he made during his tenure as Director.

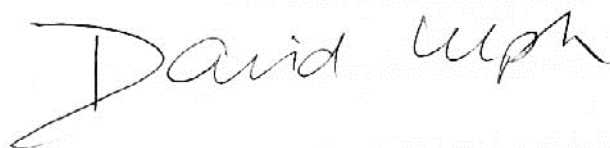
The payoffs to this investment are manifest through the publications, research grant income, high level international Conferences etc. that are coming to Scotland, and demonstrate a more vibrant research culture. I add my congratulations to Prof. Mike Elsby for winning the Philip Leverhulme Prize.

SIRE has had another very active year with some very high-quality SIRE-supported visitors coming to Scotland for a variety of events including Conferences, Workshops and Masterclasses/Training Programmes. Details are contained in the report. There has been activity across all core areas of Micro, Macro and Econometrics as well as in more specialist areas of the subject, and we are determined to maintain this level and quality of activity.

I am also pleased that our initiative to support researchers presenting papers at top Conferences is being well used and that young researchers in particular are finding this valuable in enabling them to attend conferences that they would not otherwise have been able to attend and so make career-enhancing contacts with top researchers in their field.

SIRE is particularly concerned to support initiatives that create some legacy that outlasts its initial funding period. While our appointments have provided the core of this legacy we need to consider other forms of investment. This is why we provided support to assist a research application to the *National Institute on Aging* for the creation within Scotland of a longitudinal data base on the elderly. Many other countries have such data bases and they are proving valuable research resources for economists, with publications using this data getting into top journals.

An important piece of legacy would be the creation within Scotland of a PhD training programme that is of similar quality to the best in the rest of the UK, Europe and USA, and we have in Scotland a cadre of people who can deliver this - particularly given the high quality SIRE appointees. I hope that over the coming year SIRE can work with the SGPE to successfully address this important ongoing challenge.



Part 2

SIRE Executive and International Advisory Board

- 2.1 During the reporting period the SIRE Executive Committee comprised:
- David Ulph (SIRE Director)
 - Stuart Sayer (SIRE Executive Director)
 - Ed Hopkins until Summer 2012, thereafter József Sákovics (Director of BIC)
 - Charles Nolan (Director of MFLR)
 - David Bell (Director of W&W)
 - Liam Delaney (SGPE PhD Director)
 - Catia Montagna (Policy Forum Co-ordinator)
- 2.2 Ed Hopkins, who had been Director of the Behaviour, Incentives and Contracts programme since 2009, demitted office to take a period of sabbatical leave in the USA. He is ably succeeded by József Sákovics as Director of BIC.
- 2.3 Until this year the SIRE-Scottish Government Policy Forum had been co-ordinated by the Director and Executive Director of SIRE. To give this role greater prominence and focus it was decided to create a new post of Policy Forum Co-ordinator with a seat on the SIRE Executive. Catia Montagna has taken up this role enabling us to benefit from her extensive experience at knowledge exchange activities.
- 2.4 The members of the Executive Committee communicate frequently, through a mix of face-to-face meetings, teleconferences, emails and phone calls. Formal meetings or teleconferences are roughly bi-monthly, though frequency varies somewhat, depending on the volume of business and the season. The core executive team draws on the experience and expertise of other senior SIRE researchers as and where relevant.
- 2.5 SIRE is a regular standing item at the meetings of the SGPE Heads of Departments of Economics, where SIRE is represented by the Director and 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.
- 2.6 In order to further facilitate communication and coordination with participating departments, each department has a SIRE “stringer”, whose role is to promote SIRE and facilitate two-way communication between SIRE and its constituent departments.
- 2.7 The International Advisory Board (IAB) of SIRE comprises¹:
- Manuel Arrellano (CEMFI, Madrid)
 - Richard Blundell (UCL)
 - Tom McGuire (Harvard)
 - George Mailath (Pennsylvania)

¹ Naryana Kocherlakota, who was an original member of the IAB, stood down when becoming President of the Federal Reserve Bank of Minneapolis

- Andrew Rose (Berkeley)
- Larry Samuelson (Yale)
- David Canning (Harvard)
- Harald Uhlig (Chicago)

2.8 Relevant members of the IAB have 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, has been and continues to be 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. For the most part communication with IAB members, who are mostly US-based and have exceptionally busy schedules, is by email or phone.

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

3.1 SIRE Centre

The screenshot shows the SIRE website homepage. At the top, there is a navigation menu with links: HOME, ABOUT SIRE, PEOPLE, NEWS, CALENDAR, PROGRAMMES, SUPPORT, LINKS, CONTACT US. Below the menu is the SIRE logo and the text "Scottish Institute for Research in Economics". A search bar with "Google Custom Search" and a "Search" button is on the right. A large image of purple thistles is featured below the header. The main content area includes a paragraph about SIRE's history and funding, followed by a list of key research areas: Behaviour, Incentives and Contracts; Work and Well-being; and Macroeconomics, Financial Linkages and the Regions. Below this, it states that SIRE Executive submits annual reports to the SFC. There are four sidebars: "Programmes and Groups" (Overview, Forum for Young Researchers, Econometrics, Policy Forum, Environmental & Energy Economics); "Resources" (SIRE Focus Papers, Economics Discussion Papers, PHD Training Materials); "SIRE & You" (What SIRE can do for you, What you can do for SIRE, Funding & Marketing Procedures, SIRE support available, Annual SIRE reports); and "Quicklinks" (Home, About SIRE, News, Calendar, SCFE, Contact us). On the right, there is an "Upcoming Events" section listing seminars at St Andrews, Edinburgh, Stirling, and Heriot-Watt. At the bottom right, there is a "SIREecon" widget with a Twitter feed and a "Join the conversation" button.

3.1.1 The SIRE Centre maintains the SIRE website at www.sire.ac.uk including a frequently updated digest of news and events, and an extensive diary of SIRE and other activities throughout Scotland. This is supplemented by an (approximately) monthly newsletter to the SIRE mailing list, along with targeted mailings for more focused activities. Prior to the reporting period we carried out a major restructuring and redesign of the website. The refreshed site, which includes a twitter feed and Google calendar of events, was launched in early October 2011.

The screenshot shows the revamped SIRE website interface. The header features the SIRE logo and "Scottish Institute for Research in Economics". Below the header is a "Search DSpace" section with a search box and a "Go" button. To the left of the search box is a "Browse" section with links for Home, Communities & Collections, Issue Date, Author, Title, Keyword, and Institution. Below the search box is a "Communities in DSpace" section with a link to "Scottish Institute for Research in Economics". On the right side, there is a grid of logos for participating universities: University of Aberdeen, University of St Andrews, Dundee, Heriot Watt University, University of Glasgow, University of Strathclyde, University of Stirling, and UWS University of the West of Scotland. At the bottom right, there is an "RSS Feeds" section with icons for Home, News, Events, and RSS.

3.1.2 Following the launch of the revamped website, we introduced the new SIRE online Discussion Paper series. The series is accessed via the SIRE website, as well as being included in established databases, such as RePEc. With the consent and support of the authors concerned, the series was initially stocked

with research papers originally disseminated via individual departmental series and produced since the SIRE launch in 2008. As well as providing a valuable vehicle for research dissemination, the new series enhances the visibility of SIRE and increases the traffic on our website. At the time of writing there are 349 Discussion Papers published in the series.

- 3.1.3 We have continued with the successful policy, developed and implemented in the previous reporting period, of providing more systematic support for SIRE researchers making presentations at major international conferences. The support is primarily targeted on more junior faculty and PhD students, who have limited access to other funding sources, but benefit greatly from the experience and networking opportunities as well as acting as global ambassadors for SIRE and its research activities. A condition attached to this support is that the SIRE logo and acknowledgement of financial support are incorporated in the presentation and any subsequent revision to the paper.
- 3.1.4 As well as these newer innovations, the SIRE Centre has continued to provide varying degrees of support, along with coordination and promotion for a wide range of SIRE events and activities. In addition to events and activities, which fall within the remit of the three main thematic programmes, and are covered in Programme Directors' reports, the Centre directly supports activities which span across the programmes, notably the *SIRE Econometrics Workshop Series*, the *SIRE Forum for Young Researchers*, and the *SIRE-Scottish Government Joint Policy Forum*. Further information about these series and other related events during the reporting period is provided in section 5.1.
- 3.1.5 SIRE has continued to work with the *David Hume Institute* (DHI), which provides a valuable forum for networking and disseminating SIRE and its research activities. The DHI generously allows a limited number of SIRE members free access to DHI events.

3.2 *Behaviour, Incentives and Contracts*

- 3.2.1 The BIC programme has continued to sponsor a range of activities, conferences, training events and visits.
- 3.2.2 The long process of making SIRE appointments has concluded with the fifth and final SIRE chair at the University of Edinburgh being accepted by Professor Philipp Kircher. Philipp has moved from LSE where he had become a full professor at a young age after a very impressive start to his research career. Speaking to other economists at conferences this summer, there was significant surprise and excitement that Philipp had left LSE. He will be a major asset to the economics research environment in Scotland (see section 4.3 for further information about Philipp).
- 3.2.3 In addition to the SFC co-funded posts, it is very pleasing to note that two further senior appointments have been made in BIC research areas. Professor Takashi Hayashi joined the University of Glasgow and Prof Michele Belot joined the University of Edinburgh. These are both young but accomplished and highly promising researchers.
- 3.2.4 In terms of major activities, there was the third BIC meeting, held in St Andrews in October 2011. As well as the external speakers, Georg Weizsacker (UCL) and Tore Ellingsen (Stockholm School of Economics), there were high quality contributed papers by staff or PhD students from Edinburgh, Aberdeen and St Andrews. The meeting was highly successful and a similar event is scheduled for October 2012 to take place in Edinburgh (see section 5.2.1 for further details).
- 3.2.5 Prof Michael Elsbay, one of the recent SIRE Chair appointments at the University of Edinburgh was awarded a Philip Leverhulme Prize by the Leverhulme Trust. This is a prize for the leading researchers in the UK under the age of 36. It is first time that one of these distinguished prizes has been awarded to an economist at a Scottish university (see section 5.2.3 for further details).
- 3.2.6 BIC continues to offer training events for PhD students and researchers. This year's highlight was Prof. Vince Crawford (Oxford), who gave a day-long session on "Theory and Evidence on Strategic Thinking, with Applications" (30 April 2012)
- 3.2.7 Another highlight was the visit of Fiona M.Scott Morton, Professor at Yale University and currently serving as Deputy Assistant Attorney General for Economic Analysis, in the US Department of Justice, Antitrust Division. Fiona gave a public lecture at the University of Edinburgh in May 2012 on "Competition Law and Policy: How Is Economics Useful?". As a follow up to this public talk, a further closed session with Scottish Government officials was arranged.
- 3.2.8 BIC associated economists continue to publish at the highest level, with two papers recently accepted in what is widely regarded as the most important journal in economics, the *American Economic Review*. In comparison to the

pre-SIRE era there is a marked increase in the number of publications in the very top journals as well as the number of researchers achieving these publication successes. A fuller list of publication highlights is provided in section 5.2.4.

3.2.9 This publication success is helped by (as well as helping our ability to attract) high quality academic visitors from outside Scotland. Building and maintaining these strong international links plays an important role in ensuring that BIC researchers remain at the forefront of global research frontiers. A list of seminar highlights is provided in section 5.2.2.

3.2.10 Grant income continues to be in line with or exceed the SIRE milestones.

Major new and ongoing grants during the reporting period include:

- Paola Manzini and Marco Mariotti (St Andrews) have been awarded a grant of £404,606 by the ESRC, running from September 2012 to August 2015.
- John Moore's (Edinburgh) 5- year European Research Council Advanced Grant of €1.6 million continues.
- Miguel A. Costa-Gomes (Aberdeen), in conjunction with other researchers, was awarded €1.22 million, funded by the European Research Council.
- Marco Mariotti (St Andrews) was awarded a grant for the project "Bounded rationality and welfare economics", value £44,974, funded by the Leverhulme Trust
- David Ulph's (St Andrews) two separate ESRC grants for £137,054 and for £76,934 continue until, respectively, December and September 2012.
- Tooraj Jamasb (Heriot-Watt) has been awarded a £245,000 grant from the European Commission

3.3 *Work and Well-being*

3.3.1 The vacant SIRE Chair at Aberdeen resulting from the move of Hans Hvide to a part-time post, has been filled by Keith Bender. Professor Bender was previously a full Professor at the University of Wisconsin-Milwaukee. His research interests span labour economics, economics of ageing, subjective well-being and health economics, giving an excellent fit with many of the existing research strands within the W&W programme. We also welcome Yu Aoki (PhD Warwick) to the vacant SIRE Lectureship at Aberdeen, following the departure of Silvia Mendolia. Dr Aoki is an applied econometrician working in the fields of health, labour, education and crime.

3.3.2 Full details of events, which have been organised by or have received funding support from the Programme, are set out in section 5.3.1. Key highlights include:

- A December Work and Well-being Workshop, co-organised by David Bell and Danny Blanchflower covering two key themes: subjective well-being; and poverty, health and inequality.
- A February workshop in the ongoing SIRE Environmental and Energy Economics series, co-organised by Grant Allan (Strathclyde), Ian Lange (Stirling) and Tooraj Jamasb (Heriot-Watt).
- A February Conference on Demographic Change and Housing Markets, organised by Robert Wright (Stirling). Revised versions of the papers presented at this conference are shortly to be published in the November 2012 issue of the *Scottish Journal of Political Economy*.

3.3.3 As in previous years, researchers in the W&W programme have been extensively engaged in a wide range of knowledge exchange and related activities. For example:

- assessed major funding proposals in health care;
- advised and served on Pay Review Bodies;
- advised up to and including ministerial level in Scottish and UK Governments;
- given presentations to key policy-making bodies such as NHS Boards, HM Treasury, Parliamentary Committees;
- served on and written reports for Commissions and Public Bodies;
- appeared in the media and commented on key economic developments such as increasing unemployment.

(See section 5.3.3 for further details).

3.3.4 Research grant income awarded to researchers within the W&W programme has continued to be a strong feature, as is evidenced by the extensive list of awards in section 5.3.2. Selected highlights include:

- Grant Allan, Peter McGregor and Kim Swales (Strathclyde) have been awarded £500,000+ for work on Scottish Government's ClimateXChange.
- Nick Hanley (Stirling) holds a European Commission grant for £71,892 for work on Qualiwater.
- Richard Bellingham (Strathclyde) is co-ordinating a collaborative project for €3,750,000 for work on EU strategies for energy performance and urban planning.

- Bob Hart (Stirling) holds an ESRC grant for £73,937 for work on an Evaluation of Engineering Strikes between 1920 and 1970.
- Catia Montagna (PI), with Y-F Chen and H Molana (Dundee) are part of a consortium covering 33 partners from 12 EU countries awarded a grant of € 8.5 million running from 2012 through 2016, from the EU Cooperation Programme, on “Welfare, Wealth and Work for Europe”
- Alex Kemp (Aberdeen) has funding of £111,700, from a consortium of oil companies and Scottish Enterprise, for his ongoing work on North Sea Oil and gas Economics.

3.3.5 The growing strength and international reputation of work within the Work and Well-being programme is well illustrated by Mandy Ryan (Aberdeen & HERU) being ranked among the top health economists in the world in a recently published article in the *Journal of Health Economics* (March 2012). Professor Ryan is placed 21st on the list of the top 100 health economists in the world, based on a citations index, making her the top ranked health economist in the UK. In the same work, the authors also listed the top 100 institutions in health economics. Based on the h-index, HERU is ranked second in the UK, fourth in Europe, and 29th in the world.

3.3.6 Also of note is Mike Elsby’s (Edinburgh) achievement in winning the Philip Leverhulme Prize in the 2011 competition. These Prizes are awarded to outstanding young scholars who have made a substantial contribution to their particular field of study, recognised at an international level, and where the expectation is that their greatest achievement is yet to come. Professor Elsby’s work spans the BIC and W&W themes and reflects the developing cross-programme synergies which SIRE has helped to foster.

3.3.7 Current Activity includes:

- Participation in a multidisciplinary application to the ESRC for a large grant (approx. £3.9 million) entitled "Constitutional Change in Scotland" (Bell, Delaney (Stirling), Harris (Glasgow), McGregor (Strathclyde)).
- Leading role in preliminary work to establish a Healthy Ageing in Scotland survey by making an initial grant application to the US National Institute of Ageing (Bell (Stirling), Wright (Strathclyde) along with colleagues in medicine and sociology (Stirling, Edinburgh).
- Continued work with the David Hume Institute, enhanced by the appointment of David Bell (the W&W Programme Director) as “Special Research Advisor” to the DHI, to attract high quality speakers to Edinburgh and so raise the quality of public debate at a critical juncture in Scotland’s economic and political history.
- Organisation of a further SIRE Environment Camp to continue with this successful event.

3.3.8 Researchers in W&W have continued to publish extensively, as is demonstrated by the list of publications over the reporting period in section 5.3.4. Outlets include leading general economics journal, such as: *Economica*, *Canadian Journal of Economics*, *Journal of the Royal Statistical Society*, *Oxford Economic Papers*, *The Manchester School*, *Scottish Journal of Political Economy*, and *Journal of Economic Surveys*; and leading more specialised or field journals, such as: *Journal of Health Economics*; *Labour Economics*; *Energy Economics*; *Journal of Agricultural Economics*; *Journal*

of Population Economics; Health Economics, Journal of Environmental Economics and Management; as well as medical journals, which have considerable impact beyond economics.

3.4 *Macroeconomics, Financial Linkages and the Regions*

- 3.4.1 In previous reports covering the *MFLR* programme we set out our intention to use the recent financial crisis as an important springboard for innovative research and for engagement with policymakers. This aspect of our work is now bearing fruit having funded (in whole or in part) four major events: a conference examining financial markets in volatile times; a conference looking at monetary aspects of the crisis; a conference and workshop looking at firm finance in the crisis; and a workshop on economic forecasting in turbulent times. Going forward we intend to build further on this theme to take in fiscal policy, open economy dimensions and provide junior researchers with further training opportunities for macro-finance analysis. We shall also build on this schedule of planned events by inviting high-profile seminar speakers working in these areas to give seminars and, where possible, short courses.
- 3.4.2 The *MFLR* programme has had a productive year, building on the activities and successes of previous years. The high level of research activity across all sub-themes of the programme has increased further as has the degree of inter-institutional collaboration. Via the SIRE Policy Forum, there has been further interaction between the programme and policymakers, with that interaction extending to cover areas of macroeconomics and monetary economics. Researchers across institutions involved in the *MFLR* programme interact productively and also with international researchers, via conferences and longer visits, and with policymakers at both the national and international level and via high-profile, international academic events often bringing researchers and policymakers together.
- 3.4.3 As detailed in section 5.4.4 below, researchers involved in the *MFLR* programme continue to publish regularly in top academic journals. The *MFLR* programme supports this key activity via a number of principal channels. First, it provides financial assistance, especially targeted at junior researchers, for attendance at a small number of prestigious conferences (where papers are refereed prior to being accepted for presentation). This funding stream has proven very successful in encouraging junior researchers to target their research papers at the top conferences. Second, the programme supports attendance at more specialist training events and conferences (further details below). Third, it has provided substantial support for a number of major academic events through the past year across a broad range of themes, for example:
- Heriot-Watt hosted a conference entitled ‘Monetary policy before, during and after the crisis’. This conference was preceded by a one day advanced PhD training in recent UK monetary history and monetary economics, run by David Cobham. The conference was co-sponsored with the Money, Macro & Finance Research Group (MMF) and comprised senior academics and policymakers from the UK, USA and Euro area and specially commissioned papers.
 - The University of Dundee hosted ‘Outsourcing and FDI: Theory, evidence and policy’, a 2-day event in April 2012 bringing together senior scholars, including Peter Neary (Oxford), along with more junior researchers..
 - In July 2012, the University of Strathclyde hosted a conference on international business taxation, ‘Tax competition, common consolidated tax base and fiscal autonomy.’ The programme was arranged by Celine

Azémar (Glasgow), Rodolphe Desbordes (Strathclyde) and Ron Davies (University College Dublin). The purpose of the conference was to address key topics in international tax policy and fiscal autonomy and brought together a number of senior scholars and policymakers, including Dr Gary Gillespie, The Scottish Government Chief Economic Adviser.

See section 5.4.1 for further details on these and other events held within the reporting period.

3.4.4 Policy engagement is a key priority for the MFLR programme. Researchers in this programme are very active in taking their research to policymakers via conference participation, invited seminars, consultancy and training events, and jointly-sponsored events. The SIRE Policy Forum has become increasingly important as a venue for macroeconomic/monetary/financial policy discussions, in part as aggregative monetary and fiscal policy questions become increasingly relevant for the Scottish Government. The SIRE Policy Forum in February was entitled 'Prospects for growth after the crisis', and was led by Professor Peter Sinclair (Bank of England and University of Birmingham). This forum ranged widely over the current macroeconomic conjuncture and future challenges for policymakers and researchers as they seek to understand the causes and consequences of recent financial and economic events. A subsequent SIRE policy forum, led by industry specialist, Dr Richard Reid, Director of Research and Chief Economist for the International Centre for Financial Regulation and affiliated to the University of Dundee, looked specifically at financial regulation challenges. However, as indicated above, the SIRE Policy Forum is not the only route to policy engagement. Increasingly policymakers are involved in academic events often as presenters whilst academics often engage directly with policymakers. For example:

- Ronald MacDonald (Glasgow) has been appointed monetary adviser to the IMF and is currently on mission to the Central Bank of Costa Rica.
- David Bell (Stirling) has contributed to many aspects of national and international policy discussions, particularly around youth unemployment and the conduct of fiscal policy.
- Other researchers in the programme are engaging with Scottish Government economists to inform research and policy analysis surrounding future macro-institutional architecture.
- There are numerous contributions from researchers at Strathclyde, often via the Fraser of Allander Institute, on many aspects of economic policy in Scotland.
- The University of St Andrews hosted Richard Fisher, President of the Federal Reserve Bank of Dallas who delivered a lecture on "The Limits of the Powers of Central Banks".
- Gary Koop (Strathclyde) has delivered advanced econometric courses at the Bundesbank, the Bank of England, the Czech National Bank and the Polish Ministry of Finance.

3.4.5 In terms of grant income researchers in the *MFLR* programme continue to do well. On-going major awards include: Gary Koop (Strathclyde) with £325,000 for a research project on 'Macroeconomic forecasting in turbulent times'; £285,762 from the ESRC to Professor Alan Sutherland (St Andrews) for a project entitled 'The Macroeconomics of financial globalisation'; John Moore (Edinburgh) with €1.6 million from the ERC for a project entitled 'Money, liquidity and the aggregate economy'; while Kim Swales, Peter McGregor

(Strathclyde) with various collaborators continue to build on their impressive record of grant success.

- 3.4.6 MFLR continues to provide substantial support for an active visiting speakers' programme and to attract high-profile senior scholars. We continue to leverage our resources in a number of instances by sharing the visiting costs with other institutions such as the Bank of England, Oxford University and the London School of Economics, The MMF and the David Hume Institute. Such coordination has helped fund visiting speakers such as the Governor of the Central Bank of Ireland, Professor Charles Goodhart (LSE), Lucrezia Reichlin (ex-Director of the ECB and Professor at London Business School), Dr Ed Nelson, Chief of Monetary Affairs (Federal Reserve Board, Washington DC). More such coordinated visits, bringing together high level policymakers and academics, are planned for the future including for a conference on the international dimensions of the recent financial crisis, the conduct of optimal fiscal policy and for a conference on the role of monetary aggregates in formulating monetary policy.

3.5 *Scottish Graduate Programme in Economics (SGPE) PhD programme*

- 3.5.1 The Scottish Graduate Programme (SGPE) is an ESRC-recognised 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. For the PhD stage of the SGPE, students move to the university where their primary supervisor is based. Direct entry to the PhD stage of the SGPE is also possible for students who have previous training in economics equivalent to the SGPE MSc. For a fuller description of the SGPE, see the 2008-09 SIRE Annual Report, paras. 3.5.1-3.5.4.
- 3.5.2 Economics, through the SGPE and SIRE, has been a leader in Scottish social science in providing advanced training for PhD students and in making lectures and courses available to PhDs students via webcasting. We are working on extending and continuing to develop this provision.
- 3.5.3 Several specialised workshops, aimed primarily at PhD students, have been held at various points during the year with the support of SIRE. In brief:
- Training workshop on “Theory and Evidence on Strategic Thinking, with Applications” (Vince Crawford, Oxford).
 - Training workshop “Panel Time Series” (Markus Eberhardt, Nottingham and Oxford).
 - Master Class on the Use of Spatial Econometrics in International Public Finance (Ronald Davies, UC Dublin)
 - Master Class on Hedonic Methods held in Stirling with Professor Chris Timmins (Duke)
- 3.5.4 In addition to the opportunities and encouragement to present their research at SIRE conferences and workshops, and obtain feedback from eminent visitors, PhD students have also benefited from SIRE support to present their research at major international conferences.
- 3.5.5 A working party consisting of David Cobham, Stuart Sayer and Liam Delaney has been formed to develop further the first year of post-MSc PhD training in the SGPE programme. It will report to the Scottish Heads of Departments of Economics. One role of this working party is to ensure efficient exploitation of linkages between SIRE and SGPE in the development of PhD training.
- 3.5.6 The development of the ESRC Doctoral Training Centre in Scotland - called the Scottish Graduate School of Social Science (SGSSS) - has also provided an opportunity for development of Economics training. SGPE has become a dedicated pathway of this DTC. The environment of having the pre-existing SGPE structure nested within the new DTC and supported by SIRE in terms of high level research provides extremely good development opportunities for students and researchers. Scotland has created institutions for Economics in this regard that provide a model for many other countries.
- 3.5.7 We have been actively exploring the possibility of coordinating with the Scottish SGSSS to provide co-funded training events to be made available to PhD students in Scotland and abroad. The “Panel Time Series” and “Hedonic

Methods” workshops, referred to above, were joint SIRE-funded workshops and DTC training events. The SGSSS summer school provides another forum for collaboration in the provision of research-led teaching to PhD students.

Part 4: SIRE Appointments

Senior Appointments

- 4.1 Two new senior appointments have been made over the reporting period: Keith Bender to the SIRE Chair at Aberdeen, filling the vacancy created by the move of Hans Hvide to a part-time appointment; and Philipp Kircher to fill the remaining SIRE Chair at Edinburgh.
- 4.2 *Keith Bender* was previously a full Professor at the University of Wisconsin-Milwaukee. He holds a PhD from Duke. His research interests span labour economics, economics of ageing, subjective well-being and health economics. His appointment cements a long-standing connection with Aberdeen, which commenced with a Leverhulme USA/Commonwealth Visiting Research Fellowship in 1994-95.
- 4.3 *Philipp Kircher* was previously a Professor at LSE, having previously held appointments at Oxford and U. Pennsylvania. He holds a PhD from Bonn. His research interests are in the allocation of resources in markets with search frictions, economic theory and labour economics. More specifically, most of his work has been concerned with two main questions: (a) how to combine search frictions (which are a sign that markets do not immediately clear) with a notion of competition for labour (which underlies most classical theory of labour); and (b) how heterogeneous firms match with heterogeneous workers. His approach has been and is still mostly theoretical, but some of his newer contributions use calibrated and estimated data, and look at model identification. His recent publications include papers in: *Quarterly Journal of Economics*, *Journal of Political Economy*, *Econometrica*, and *Review of Economic Studies*. He has been on the Editorial Board of the *Review of Economic Studies* since 2010, and is the current joint Managing Editor. Philipp is the PI on a new ERC Starting Grant (of €1,170,000 from 2012-17) for research on Labour Heterogeneity in Search Markets. Although it has taken some time to fill this final SIRE professorship at Edinburgh, our patience has, we think, been rewarded.
- 4.4 In addition to the new appointments to SIRE Chairs, it is very pleasing to note that three further Chair appointments, additional to the SIRE posts, have been made over the reporting period. Craig Burnside and Takashi Hayashi join Glasgow from, respectively, Duke and Texas-Austin; and Michèle Belot joins Edinburgh from her previous post at Oxford. In conjunction with additional junior hires across many of the SIRE departments, this provides a strong signal not only of the sustainability of the SIRE appointments, but also that the positive momentum engendered by the SIRE investment, in terms of both quality and quantity of appointments, is ongoing.
- 4.5 Within this strong positive dynamic, some turnover is perhaps inevitable and, indeed, healthy. Bernard Fingleton, who held a SIRE Chair at Strathclyde, left in September 2011. Work is currently underway to fill this senior vacancy

Table 4.1 SIRE Senior Post-holders as of 30.09.2012

Programme	University	Appointee
BIC	Edinburgh (5)	José V (Sevi) Rodriguez Mora Maia Güell Ed Hopkins Mike Elsby (started Dec 2010) <i>Philipp Kircher</i> (started Sept 2012)
	Heriot Watt (1)	Tooraj Jamasb
WW	Aberdeen (2 + 1 initially converted from L to P, recently replaced by R)	<i>Keith Bender</i> (appointed from July 2012 to replace Hans Hvide, who moved to a fractional post); Miguel Costa-Gomes Ramses Abul Naga (Reader)
	Stirling (1)	Liam Delaney (from Sept 2011, replacing Sascha Becker).
	Dundee (1) (P converted to R + RF)	Arnab Bhattacharjee (Reader – for Research Fellow, see junior posts below)
MFLR	Glasgow (3)	Gabriel Talmain Charles Nolan Tatiana Kirsanova (started Sept 2011)
	St Andrews (3)	Rod McCrorie Paola Manzini Marco Mariotti George Evans ²
	Strathclyde (2)	Gary Koop (<i>Bernard Fingleton</i> left Sept 2011 and has yet to be replaced).

² Part-time 0.2 FTE

Junior Appointments

- 4.6 The vacant SIRE Lectureship at Aberdeen, arising from the departure of Silvia Mendolia, has been filled from August 2012 by Yu Aoki (PhD Warwick). She works on the application of econometric analysis to issues related to health, labour, education and crime, and has previously worked on immigration
- 4.7 At the time of writing, there are two vacancies in SIRE junior posts, both at St Andrews. These arise from the departures of Marco Faravelli and, more recently, Fabio Arico. Work is underway to fill these vacancies.

Table 4.2 SIRE Junior Post-holders as of 30.09.2012

Programme	University	Appointee
BIC	Edinburgh (4)	Tatiana Kornienko Kohei Kawamura Robert Zymek (from Aug 2011 – replacing Gorbachev) Anikó Bíró (from Aug 2011 – replacing Steiner)
	Heriot-Watt (1)	Philippe LeMay-Boucher
WW	Stirling (1)	Ian Lange
	Dundee (2)	Dennis Petrie Andrzej Kwiatkowski (from January 2010) Shaolin Wang (Research Fellow)
	Aberdeen (2 – minus 1 converted to P)	<i>Yu Aoki</i> (from Aug 2012, replacing Silvia Mendolia)
MFLR	Glasgow (3)	Luis Angeles Céline Azémar Iona Moldovan
	Strathclyde (2)	Lise Tole (rehired from Sept 2011 as SL) Rodolphe Desbordes (Promoted to Senior Lecturer)
	St Andrews (3)	Gonzalo Forgues-Puccio Vacancy (Faravelli departed 2010) <i>Vacancy</i> (Arico departed Feb 2012)

Part 5: SIRE events, activities and achievements

5.1 SIRE Centre

5.1.1 Major events during reporting period

SIRE Forum for Young Researchers

16th November 2011 – St Andrews



The event attracted 24 participants (a mix of young faculty and PhD students) from Dundee, Edinburgh, Heriot-Watt, St Andrews, Stirling, Strathclyde and Leicester

The event was organised by Fabio Arico (St Andrews). It comprised three main presentations:

- Joao Jalles (Aberdeen) “Cross-country Evidence on the Quality of Fiscal Forecasts”;
- Stephan Hebllich (Stirling) “From Russia with Love - The Impact of Relocated Firms on Incumbent Survival”
- Gianni De Fraja (Leicester) “Exclusive Nightclubs and Lonely Hearts Columns: Non-monotone Participation in Optional Intermediation”

1st May 2012 – Glasgow



The event was organised by Céline Azémar (Glasgow). It comprised three main presentations:

- Serafeim Tsoukas (Glasgow) “Why Do Firms Issue Abroad? Evidence for Capital Structure Theories From Onshore and Offshore Corporate Bond Finance in Asian Emerging Markets”;
- Rodolphe Desbordes (Strathclyde) “Market Familiarity and the Location of South and North MNEs”;
- Beata Javorcik (Oxford) “Do the Biggest Aisles Serve a Brighter Future? Global Retail Chains and their Implications for Romania”.

The event attracted 18 participants from Glasgow, Strathclyde, Abertay, West of Scotland and Oxford. A particular highlight of the event was the valuable feedback provided by Professor Javorcik on the work of the other presenters and a number of workshop participants.

The *SIRE Forum for Young Researchers* series moves to Strathclyde, where two sessions are planned for the Fall semester of 2012-13, followed by Edinburgh for the second half of 2012-13.

SIRE Econometrics Workshop

3rd May 2012 – “Forecasting in Turbulent Times” – Glasgow



The event was organised by Dimitris Korobilis (Glasgow) and Gary Koop (Strathclyde). The event encompassed 6 presentations:

- Xiaoshan Chen (Glasgow) “Asset Prices, Credit and the Business cycle”;
- Pasquale Della Corte (Imperial College) “(Why) Does Order Flow Forecast Exchange Rates?”;
- Gary Koop (Strathclyde) “Large Time-Varying Parameter VARS”;
- George Kapetanios (Queen Mary) “Exponent of Cross-sectional Dependence: Estimation and Inference”;
- Simon Price (Bank of England) “Adaptive Forecasting in the Presence of Recent and Ongoing Structural Change”;
- Haroon Mumtaz (Bank of England) “The Impact of US Real Activity Uncertainty on the UK Economy”;



There were 42 participants from: Aberdeen, Dundee, Edinburgh, Heriot-Watt, Glasgow, Robert Gordon, St Andrews, Strathclyde, Scottish Government, Frankfurt, Queen Mary University London, Imperial College London, and the Bank of England. The event provided a valuable opportunity for Scottish-based econometricians to talk informally with prominent academics and senior economists in the Bank of England. The focus of the workshop was on formal statistical techniques for modelling the macro-economy and financial markets in a changing world. In particular, the presentations highlighted flexible, modern econometric methods for modelling structural change and uncertainty, with applications in forecasting, modelling interactions between the US and the UK, spillover effects in the UK economy, and exchange rate strategies. Special attention was given to quantifying the effects of the recent global financial crisis, and the on-going sovereign debt crisis in Europe.

SIRE-Scottish Government Joint Policy Forum

24th February 2012 – “Prospects for Growth After the Crisis”, Peter Sinclair

This Forum, held at New St Andrew’s House, was opened with a keynote talk by Peter Sinclair (Birmingham and Bank of England), and followed by an extended and lively discussion among the invited participants drawn from academia and Scottish Government economists.

**30th March 2012 – “Financial Intermediation, Regulation and Growth”,
Richard Reid**

The Forum, held at the University of Edinburgh, was opened with a keynote talk by Richard Reid (International Centre for Financial Regulation and Dundee). This was again followed by a lively discussion among the invited participants drawn from academia and Scottish Government economists.

David Hume Institute and SIRE

In contrast to the previous two years when SIRE had sponsored DHI lectures by Tim Besley (2009) and Danny Blanchflower (2010), SIRE did not directly sponsor a DHI session in 2011-12. SIRE colleagues have, however, continued to be regular participants, as presenters, discussants and audience members, in the David Hume Institute seminar series, which attracts a wide-ranging and influential audience from academic, public and private sectors. SIRE participation is actively encouraged by the DHI, under the Directorship of Jeremy Peat. There continue to be regular discussions between the Director of the DHI and SIRE Executive Committee members to coordinate events and relevant research activities, including discussion of work related to Scottish Constitutional developments. The recent appointment of David Bell, the Director of SIRE’s Work and Well-being programme, as “Special Research Advisor” to the DHI further cements this relationship.

SIRE is co-sponsoring a DHI event in 2012-13: a talk on Europe and the Eurozone by Patrick Honohan, the Governor of the Central Bank of Ireland, on November 13th 2012.

SCEME seminar, 26th March 2012: Taking stock, looking ahead: Economic methodology in the UK and beyond. A Seminar in Tribute to Mark Blaug.



SIRE co-sponsored this event, the 15th in the long-running series of SCEME seminars. It was co-organised by Robert McMaster (Glasgow) and Matthias Klaes (Keele) and took place in the University of Glasgow. There were keynote addresses by:

- *Sheila Dow* reviewed the economic methodology legacy of the late Mark Blaug, with particular emphasis on assessing the recent rise of behavioural economics. The paper triggered discussion on behavioural economics as a potential, but controversial, progressive shift in contemporary economics.
- *Vivienne Brown's* paper related to the legacy of Mark Blaug as a historian of economics and his interest in Adam Smith in particular, by offering an

analysis of the one-shot prisoners' dilemma rooted in Smith's *Theory of Moral Sentiments*.

- The roundtable with *Richard Lipsey* and *Brian Loasby* focused on the methodological tension between static equilibrium perspectives, dynamic analysis, and the challenges posed by due recognition of innovation and the growth of knowledge.

There were 18 participants from: Dundee, Glasgow, Glasgow Caledonian, Stirling, Strathclyde, West of Scotland, Keel, Simon Fraser (Canada), Open University.

5.2 Behaviour, Incentives and Contracts (BIC)

5.2.1 Major events during the reporting period

1st October 2011: BIC Microeconomic Theory workshop, St Andrews

This day-long event, organised by Paola Manzini and Marco Mariotti (St Andrews), followed a similar successful BIC workshop which took place in October 2010 in Edinburgh. Keynote addresses were given by:

- *Tore Ellingsen* (Stockholm School of Economics) "Communication and Cooperation: Theory and Experimental Evidence".
- *Georg Weiszacker* (UCL) "Correlation Neglect in Financial Decision-Making"

With contributed papers from:

- *James Best* (Edinburgh) "How Many Chiefs? The Role of Leadership in Social Dilemmas"
- *Jürgen Bracht* (Aberdeen) "Moral emotions and Partnership"
- *Miguel A. Costa-Gomes* (Aberdeen) "A Comment on "Can Relaxation of Beliefs Rationalize the Winner's Curse?: An Experimental Study"
- *Alexandru Nichifor* (St. Andrews) "Consistency in One-Sided Assignment Problems"

There was lively discussion during the coffee and lunch breaks which continued over dinner. The workshop was very successful not only because of the high quality of work presented, but also from a networking point of view. In contrast to a tighter thematic-based workshop, the participants at this event work on a rather wide spectrum of sub-fields using related but distinct conceptual tools and techniques. In this way genuine exchange of ideas, learning and establishment of new contacts took place. There were 20 participants from: Aberdeen, Edinburgh, St. Andrews; UCL, DIW Berlin, and Stockholm School of Economics.

A follow up BIC workshop, with a similar format, is scheduled for October 2012 in Edinburgh.

1st March 2012 Public Lecture "Comparing Real Wages: the McWage Index" by Orley Ashenfelter (Princeton)



Professor Ashenfelter is one of the leading researchers in the field of labour economics. He is the intellectual father of many of the next generation of leading labour economists. He broke new ground in analyses concerning trade unions, wages and employment, labour supply, discrimination, education and training, and dispute resolution. Among other things, he is noted for the "difference-in-difference" method for measuring programme effects. Among many other accolades he is a corresponding Fellow of the Royal Society of Edinburgh.



His talk, and the subsequent reception, drew a wide-ranging audience in excess of 50, and his visit, which spanned three days, provided an extended and very valuable opportunity for Scottish economists to engage with an eminent scholar and research leader.

30th April 2012 Training workshop “Theory and Evidence on Strategic Thinking, with Applications” by Vince Crawford (Oxford)



A day-long training workshop given by one of the world’s leading experts in game theory and experimental and behavioural economics, with 40 participants. See section 5.5 for further details.

17th May 2012 Public Lecture “Competition Law and Policy: How is Economics Useful?” by Fiona Scott Morton (Yale and US Department of Justice)



Professor Scott Morton is the Deputy Assistant Attorney General with the Antitrust Division of the US Department of Justice, on leave from her regular post as a Professor of Economics at Yale. As Deputy Assistant Attorney General, Professor Scott Morton is responsible for supervising economic analysis within the Antitrust Division, providing advice on merger and non-merger investigations. Among other claims to fame, she is the first female economics deputy in US history and a Visiting Professor at the University of Edinburgh School of Economics. Her insightful talk, followed by more informal discussion, attracted a broad interdisciplinary audience. Liaison with economists in Scottish Government enabled a further meeting between Professor Scott Morton and government officials to take place on the following morning.



6th-8th June 2012 Training workshop “Panel Time Series” by Markus Eberhardt (Nottingham and Oxford)



A three-day training workshop, with 28 participants, including 8 PhD students on non-economics pathways with the Doctoral Training Centre. See section 5.5 for further details.

5.2.2 Other seminar highlights in the reporting period include:

Robert Topel (Chicago), "Intermediaries and Competition".

Miklos Koren (Central European University) "Machines and machinists: Capital - skill complementarity from an international trade perspective"

Michele Tertilt (Stanford/Mannheim) "Does Female Empowerment Promote Economic Development?"

Lutz Kilian (Michigan) The Role of Inventories and Speculative Trading in the Global Market for Crude Oil

Jan Potters (Tilburg) The Effect of Link Costs on the Formation and Outcome of Buyer - Seller Networks

Philipp Kircher (LSE) Sorting and Factor Intensity: Production and Employment Across Skills

Jan Eeckhout (University Pompeu Fabra) Matching information

Catherine Thomas (Columbia) "Landing the First Job: The Value of Intermediaries in Online Hiring"

Gilat Levy (LSE) "Rituals or Good Works: Social Signalling in Religious Organizations"

P.J Healy (Ohio) "Epistemic Conditions for the Failure of Nash Equilibrium".

Silvana Tenreyro (LSE) Hot and Cold seasons in the housing market.

Dirk Engelmann (Mannheim) Choosing how to choose: efficiency concerns and constitutional choice

Claudio Michelacci (CEMFI) 'Optimal Life Cycle Unemployment Insurance'.

John Quah (University of Oxford) "Revealed preference tests of the Cournot model"

Nicholas Yannelis (University of Iowa) "A new perspective to rational expectations: maximum rational expectations equilibrium"

Jawwad Noor (Boston University) "Temptation and social preferences"

Bettina Klaus (University of Lausanne) "Paths to Stability in the Assignment Problem"

5.2.3 Recent major achievements and impacts include:

Mike Elsby (Edinburgh) was awarded a Philip Leverhulme Prize in the 2011 competition. These Prizes, with a value of £70,000 each, are awarded to outstanding scholars who have made a substantial and recognised contribution to their particular field of study, recognised at an international level, and where the expectation is that their greatest achievement is yet to come. The Leverhulme Trust Board announcement of the award stated: “Mike Elsby's research focuses on the interface between macroeconomics and labour economics, with a particular emphasis on developing a better understanding of high and volatile unemployment rates in developed economies from both theoretical and empirical perspectives. His recent work has examined the measurement of labour market flows over the business cycle and across firms, the economics of labour market adjustment costs, the role of trend wage growth on long-term increases in joblessness, and the aggregate labour market effects of downward rigidity in wages. His research is characterised by elegant and insightful theoretical models coupled with careful and detailed analysis of the data. He has already made a number of important contributions, providing a much richer and more comprehensive understanding of unemployment transitions and wage growth, and he has established himself as a leading expert in the theory and empirics of unemployment both in the US and the UK, as well as in other OECD countries.”

Miguel A. Costa-Gomes (Aberdeen, in conjunction with other researchers) European Research Council grant, value €1.22 million, for the project “Investors' Expectations: Measuring their Nature and Effect” continues to run until 2016.

Marco Mariotti (St Andrews) grant for the project “Bounded rationality and welfare economics”, value £44,974, funded by the Leverhulme Trust is ongoing. The grant runs from September 1st 2011 to 31st August 2012.

David Ulph's (St Andrews) ESRC grant for £137,054 to study “Optimal enforcement and decision structures for competition policy”, which started on 1st January 2010 continues to run until 31st December 2012.

David Ulph's (St Andrews) ESRC grant for £76,934 to study “Business taxation and welfare” continued until end of September 2012.

Paola Manzini and Marco Mariotti (St Andrews) have been awarded a further grant of £404,606 by the ESRC for a study of “Choice with Errors”. The grant runs from September 2012 through August 2015.

John Moore's 5- year European Research Council Advanced Grant of €1.6 million, announced in the 2009 SIRE Report, continues. The award is for his study of “Money, Liquidity and the Aggregate Economy”, building on his recent work with Nobuhiro Kiyotaki (Princeton). Only 48 such grants were awarded across Europe in Humanities and Social Sciences.

Professor Tooraj Jamasb (Heriot-Watt) grant for £245,000 from the European Commission for a research project on “SESAME: Securing the European Electricity Supply Against Malicious and Accidental Threats” continues. The grant runs from 1st January 2011 to December 31st 2013.

Stuart Sayer (Edinburgh) gave a keynote talk (on carbon taxes, cap & trade and hybrids) for an Edinburgh Centre for Carbon Innovation organised training

programme for a major delegation of senior Chinese officials from the Chinese National Development and Reform Commission (NRDC).

Philippe Le May Boucher (Heriot-Watt) grant of £14,729 from the Nuffield Foundation continues. The grant runs from 1st October 2011 to 1st December 2012.

Mike Elsby's (Edinburgh) papers, "Unemployment Dynamics in the OECD" and "Which Industries are Shifting the Beveridge Curve?" were cited in Peter Diamond's Nobel Prize Lecture (<http://econ-www.mit.edu/files/6574>).

Mike Elsby's (Edinburgh) paper, "The Labour Market in the Great Recession" has received extensive media citations in, inter alia, *The Economist*, the *New York Times*, the *Financial Times* and the *Wall Street Journal*.

Mai Guell (Edinburgh) presented a paper, "What school do parents choose under the Boston Mechanism?: Evidence from Barcelona" to the Education Department in Barcelona in December 2011.

Jonathan Thomas (Edinburgh) was a member of the Church of Scotland Commission on the Purposes of Economic Activity. The report was submitted to the General Assembly of Church of Scotland, 21 May, 2012.

5.2.4 A selection of major publications in reporting period

Sakovics, J. & Steiner, J. (2012) “Who matters in coordination problems?”, , *American Economic Review*.

Elsby, M. & Shapiro, M. (2012) “Why Does Trend Growth Affect Equilibrium Employment? A New Explanation of an Old Puzzle”, *American Economic Review*.

Hvide, H.K. & Kristiansen, E.G. (2012) “Management of Knowledge Workers”, *Journal of Law and Economics*.

Crawford, V. P., **Costa-Gomes, M.A.** & Iriberry, N. (2012) “Structural Models of Nonequilibrium Strategic Thinking: Theory, Evidence, and Applications”, *Journal of Economic Literature*, in press.

Amir, R, Halmenschlager, C; **Jin, JY** (2011) 'R&D-Induced Industry Polarization and Shakeouts', forthcoming in *International Journal of Industrial Organization*.

Mandler, M., **Manzini, P.** and **Mariotti, M.** (2012), ‘A million answers to twenty questions: choosing by checklist’, *Journal of Economic Theory*.

Dickson, A., Hartley, R. “Bilateral oligopoly and quantity competition”. *Economic Theory*.

Chambers, C.P., and **Hayashi, T.** (2012) “Choice and individual welfare”. *Journal of Economic Theory*.

Elsby, M. , Smith, J. C. & Wadsworth, J. (2012) “The Role of Worker Flows in the Dynamics and Distribution of U.K. Unemployment” *Oxford Review of Economic Policy*.27, 2, p. 338-363.

Elsby, M. , Hobijn, B. & Şahin, A. (2012) “Unemployment Dynamics in the OECD”, *Review of Economics and Statistics*.

Elsby, M. , Barnichon, R. , Hobijn, B. & Şahin, A. (2012) “Which Industries are Shifting the Beveridge Curve”, *Monthly Labor Review*.

Kawamura, K. (2011) “A Model of Public Consultation: Why is Binary Communication So Common?”, *The Economic Journal*.

Snell, A. , **Thomas, J.** & Martins, P. (2011) “Downward Wage Rigidity in a Model of Equal-Treatment Contracting” *Scandinavian Journal of Economics*.

Sakovics, J.(2011) “Reference distorted prices”, *Quantitative Marketing and Economics*.9, 4, p. 339-363.

Rodriguez Mora, S (2012) ”It is Hobbes, not Rousseau: An Experiment on Voting and Redistribution” (with Antonio Cabrales and Rosemarie Nagel). *Experimental Economics*.

Rodriguez Mora, S and Pica, G. (2011) “Who is Afraid of a Globalized World? Foreign Direct Investments, Local Knowledge and Allocation of Talents" *Journal of International Economics*.

Abul Naga, R.H. & Jones, P. (2012). 'Better to give than receive?: Altruistic provision of a global public good'. *Economics Letters*, vol. 115, no. 3, pp. 480-483.

Feltovich, N., Iwasaki, A. and Oda, S. (2012), "Payoff levels, loss avoidance, and equilibrium selection in games with multiple equilibria: an experimental study", *Economic Inquiry*.

Feltovich, N. and **Swierzbinski, J.** (2011), "The role of strategic uncertainty in games: an experimental study of cheap talk and unstructured bargaining in the Nash demand game", *European Economic Review* 55, pp. 554-574

Buchheit, S. and **Feltovich, N.** (2011), "Experimental evidence of a sunk-cost paradox: a study of pricing behavior in Bertrand-Edgeworth duopoly", *International Economic Review* 52, pp. 317-347.

Feltovich, N. (2011), "The effect of subtracting a constant from all payoffs in a hawk-dove game: experimental evidence of loss aversion in strategic behavior", *Southern Economic Journal* 77, pp. 814-826.

Hvide, H.K. & Døskeland, T. (2011). 'Do Individual Investors have Asymmetric Information based on Work Experience?'. *Journal of Finance*, vol 66, no. 3, pp. 1.

Flamini, F. (2012) 'Recursive bargaining with dynamic accumulation'. In: Johanson, R. and Rantzer, A. (eds.) *Distributed Decision Making and Control*. Series: Lecture Notes in Control and Information Sciences, 417. Springer, London, 131-144.

Hayashi, T., and Miao, J. (2011) 'Intertemporal substitution and recursive smooth ambiguity preferences'. *Theoretical Economics*, 6 (3). 423-472.

Hayashi, T. (2012) 'Expanding state space and extension of beliefs'. *Theory and Decision*.

Chambers, C.P., and **Hayashi, T.** (2012) 'Money-metric utilitarianism'. *Social Choice and Welfare*.

Chambers, C.P., and **Hayashi, T.** (2012) 'Choice and individual welfare'. *Journal of Economic Theory*.

Hayashi, T. (2012) 'Imprecise information and subjective belief'. *International Journal of Economic Theory*, 8 (1). 101-114.

Lombardi, M., and Veneziani, R. (2012) 'Treading a fine line: characterizations and impossibilities for liberal principles in infinitely-lived societies'. *B.E. Journal of Theoretical Economics*.

Lombardi, M. (2012) 'Nash implementation via simple stochastic mechanisms: strategy space reduction'. *Review of Economic Design*.

Amir, R, Halmenschlager, C; **Jin, JY** 2011, 'R&D-Induced Industry Polarization and Shakeouts', forthcoming in *International Journal of Industrial Organization*.

Beath, J.A., Pyago-Theotoky, J. and **Ulph, D.T.**, 'University Funding: Impact on Teaching and Research', *Economics: The Open-Access*,

Open-Assessment E-Journal, 6(2).

Gerasimou, G. (2012), 'On continuity of incomplete preferences', forthcoming in *Social Choice and Welfare*.

La Manna, M.M.A. (2012), 'Multi-task Research and Research Joint Ventures', forthcoming in *B.E. Journal of Theoretical Economics*.

La Manna, M.M.A. and Bennett, J. (2012), 'Mixed Oligopoly, Public Firm Behavior, and Free Private Entry', forthcoming in *Economics Letters*

Manzini, P; Mariotti, M 2011, 'Categorize Then Choose: Boundedly Rational Choice and Welfare', early view in *Journal of the European Economic Association*.

Manzini, P; Mariotti, M 2012, 'Choice by lexicographic semiorders', *Theoretical Economics*, 7(1), pp.1-23.

Reid, G.C. and Power, B. (2012), 'Organisational Change and Performance in Long-Lived Small Firms: A real options approach', forthcoming in *European Journal of Finance*.

Ulph, D.T. and Katsoulacos, Y. (2012), 'Legal Uncertainty and the Choice of Enforcement Procedures', forthcoming *Economic Journal*

Dickson, A., Hartley, R. (2012) "Bilateral oligopoly and quantity competition". *Economic Theory*, forthcoming.

Dickson, A., Hartley, R. (2012) "On 'nice' and 'very nice' equilibria in bilateral oligopoly". *The Manchester School*, forthcoming.

Jennings, C., 2011. "The Good, the Bad and the Populist: A Model of Political Agency with Emotional Voters". *European Journal of Political Economy*, 4, 611-624, December

5.3 Work and Well-being (W&W)

5.3.1 Major events during the reporting period

9th December 2011 SIRE Work and Well-being Workshop, Stirling

This event, co-organised by David Bell and Danny Blanchflower, was organised around presentations of recent and ongoing research within two key themes:

Subjective well-being:

- Felix Fitzroy and David Ulph (St Andrews): “So far so Good: Age, Happiness, and Relative Income”
- Liam Delaney (Stirling): “Day Reconstruction Methods: Stress and Decision Making”
- David Bell (Stirling): “Well-being and Place”

Poverty, health and inequality:

- Anikó Biró (Edinburgh): “Poverty of Widows in Europe”
- R. McQuaid and R. Raeside (Napier): “Health and Wellbeing of Employees In Employee Owned Businesses”
- Paul Allinson (Dundee): “The Longitudinal Analysis of Health Inequalities”

The workshop closed with a short talk by Danny Blanchflower on “The Pulse of the Nation”.

9th February 2012 SIRE Environmental and Energy Economics Workshop, Strathclyde

The event, part of a successful ongoing series, was co-organised by Grant Allan, Ian Lange, Tooraj Jamasb. The workshop was focused around 4 presentations:

- Ian Lange (Stirling) Impacts of Electricity Restructuring on Coal-fired Power Plants
- Shawn Mu (Dundee) On The Long Run Trend of Crude Oil Prices
- Sarah Polborn (Aarhus) How Geoengineering May Encourage Carbon Dioxide Abatement
- Neil Strachan (UCL) The Policy Application of Energy-Economic Whole Systems Models

There were 20 participants from the Universities of Stirling, Strathclyde, Dundee, Edinburgh, Heriot-Watt, Aarhus and UCL.

15th February 2012 Conference on Demographic Change and Housing Markets, Strathclyde.

The one-day conference, organised by Robert Wright (Strathclyde) attracted 41 participants from: the universities of Strathclyde, Stirling, Stockholm, Reading, Bristol, Oxford, Glasgow, St Andrews, Hamburg, Napier, Southampton, Aberdeen, Heriot Watt, and Glasgow Caledonian; as well as the Scottish Government, GROS, the Royal Bank of Scotland, and the Bank of England.



The keynote address (above) was given by David Miles (Monetary Policy Committee) on “*Key Research Issues in the Relationship between Demographic Change and Housing Markets*”. With additional presentations:

- *Demographic Change and the Housing Market: Does the Effect Go Both Ways?*, by Bo Malmberg (Stockholm)
- *The Adjustment of Housing Markets to Migration Change: Evidence for the Long and Short Run*, by Geoffrey Meen (Reading)
- *Impact of Population Ageing on House Prices: A Micro-simulation Approach*, by Yu Chen (Glasgow), Kenneth Gibb (Glasgow), Chris Leishman (Glasgow) and Robert Wright (Strathclyde)
- *Housing Equity and Residential Mobility*, by John Ermisch (Oxford) and Liz Washbrook (Bristol)
- *Unpaid Care, Housing Decisions and the Resilience of the Care System*, by David Bell (Stirling) and Alasdair Rutherford (Stirling)

Revised versions of the papers presented will be published in November 2012 as a special issue of the *Scottish Journal of Political Economy*.

***20th of April 2012: SIRE WWB Workshop on ‘Value, Well-Being and Decisions.’
University of Stirling***

This inaugural event offered a strong emphasis on discussing potential future collaborative research, as well as a particular focus on the interplay between well-being research and research on the behavioural economics of time discounting. The day involved 25 researchers and students from across Scotland as well as speakers from UCD, Malta, Aberdeen and Edinburgh universities.

A number of themes emerged during the course of the day, including:

- (i) the importance of developing further the measurement of time and risk preferences
- (ii) conceptual issues in the measurement of well-being and use in policy
- (iii) the interplay between preferences and education throughout life
- (iv) the potential for cross-overs with animal psychology in understanding human well-being and stress measurement

- (v) the role perceptions of political parties and government motives may play in determining acceptance of policies based on behavioural economics.

15th of June 2012: 'Workshops on Economics, Psychology and Policy', University of Stirling

The second workshop on Economics, Psychology and Policy took place in Stirling on June 15th and brought together over 20 researchers and PhD students from across Scotland to explore a wide range of topics in the evolving area of behavioural economics.

The next event is planned for October 26th with Professor Stephen Lea (Exeter) offering the keynote.

4-6 September 2012: 'Environment Camp on Environmental Valuation Methods for Ecosystem Services' in Stirling

This event had a 34 strong participant list, representing input from the universities of Trinity College Dublin, Copenhagen, Aberdeen, East Anglia, Plymouth Marine Laboratory, KU Leuven, Royal Holloway, Kiel, Brandenburg, Imperial College London, Leeds, North Carolina State University, Edinburgh and the host, Stirling. Although most participants were academics, relevant policy sectors of the Scottish Government and the UK Environment Agency were also represented.

Keynote speakers were:

- Prof Nick Hanley: A behavioural economics examination of information and uncertainty in stated preference valuation
- Prof Brett Day (University of East Anglia): What is exciting me in non-market valuation?
- Prof E.J. Milner-Gulland (Imperial College London): Linking fisheries approaches and household utility models for improved resource management
- Prof Laura Taylor (North Carolina State University): Quasi-experiments in non-market valuation and regulatory analysis

In addition the Camp also gave the opportunity to comment on 14 contributed presentations by postgraduate students and postdocs. The main goal was to provide participants a platform to present their work in a relaxed workshop environment and to learn about the latest developments in the field of valuation methods. Given this goal, the environment camp was set up in such a way that in between and after sessions there was a sufficient discussion time to reflect on any of the research issues. There are now plans for an international workshop on mechanism design for environmental protection in May 2013.

5.3.2 Grant Income during reporting period

Grant Allan, Peter McGregor, Kim Swales (Strathclyde) have been awarded £500,000+ over 5 years (subject to review) for work on Scottish Government's ClimateXChange [Centre for Expertise in Climate Change].

Richard Bellingham (Strathclyde) is co-ordinating a collaborative project for €3,750,000 (with €783,000 for Strathclyde) for work on EU Strategies towards energy performance and urban planning. The project runs from 2012 through 2014.

Grant Allan, Peter McGregor and Kim Swales (Strathclyde) have been awarded c£100,000 by EU TROPOS for an impact study of multi-use offshore platforms.

Peter McGregor and Kim Swales (Strathclyde) have been awarded an SSE funded project for c£150,000 for work on economic analysis of Northern Isles New Energy Solutions (NINES).

Richard Bellingham (Strathclyde) £100,000 ESRC grant continues for work on heat and the city.

Peter McGregor and Kim Swales (Strathclyde) have an ongoing EPSRC grant for £130,000 running to 2014 for work on (TEDDI) Multi-scale modelling to maximise demand side management.

Peter McGregor and Kim Swales (Strathclyde) have an ongoing EPSRC grant for £150,000 running to 2014 for work on Supergen Wind Consortium.

Peter McGregor and Kim Swales (Strathclyde) have an ongoing EPSRC grant for £120,000 for UKSHEC 2 (until 2012)

Peter McGregor and Kim Swales (Strathclyde) have an ongoing EPSRC grant for £200,000 for HiDEF (until 2013) .

Peter McGregor and Kim Swales (Strathclyde) have an ongoing grant of €500,000 for work on EU Biomara (until Oct 2012)

Liam Delaney (Stirling) holds a grant for £57,000 from EU Commission Marie Curie for work on Unemployment and Well-Being in Europe

Nick Hanley (Stirling) holds an EU Framework 7 grant for £129,817 for Hunting for Sustainability

Nick Hanley (Stirling) holds a DEFRA grant of £9,000 for work on Economic benefits of the UK Biodiversity Action Plan

Nick Hanley (Stirling) holds a DEFRA grant of £25,116 for work on Economic impacts of UK livestock farming

Nick Hanley (Stirling) holds grant from ESRC and NERC for £148,340 for work on Landscape-Scale Analysis of Sustainability

Nick Hanley (Stirling) holds an European Commission grant for £71,892 for work on Qualiwater

Bob Hart (Stirling) holds an ESRC grant for £46,977 for work on Wages & Hours in British Engineering, 1926-1968

Bob Hart (Stirling) holds an ESRC grant for £73,937 for work on An Evaluation of Engineering Strikes Between 1920 and 1970

Catia Montagna (PI), y-F Chen and H Molana (Dundee) are part of a consortium covering 33 partners from 12 EU countries awarded a grant of € 8.5 million running from 2012 through 2016 from the EU Cooperation Programme, Theme 8, Socio-economic Sciences and Humanities (Call ID “FP7-SSH-2011-1”) on “Welfare, Wealth and Work for Europe”

Carlo Morelli (Dundee) was awarded £2,080 by Carnegie Trust for Scottish Universities in 2012, for research on Scottish health outcomes: the importance of a spatial perspective.

Dennis Petrie (Dundee) £28,655 from the Scottish Government, to study socio-economic costs of bereavement in Scotland.

Bruce Guthrie, Dennis Petrie (Dundee) and others continue to work on the £224,512 project funded by the Chief Scientist Office: “Effective Feedback to Improve Primary Care Prescribing Safety (EFIPPS): a randomised controlled trial using ePrescribing Data”. The project runs from 2011 through 2014.

Bruce Guthrie, Dennis Petrie (Dundee) and others continue to work on the £867,163 project funded by the Chief Scientist Office: “Data-driven quality improvement in primary care (DQIP)”. The project runs from 2009 through 2013.

Catia. Montagna and Dennis. Petrie (Dundee) et al continue to work on the £300,000 project for NHS Tayside on “Substance Misuse Information – Tayside: SUMIT”. The project runs from 2010 through 2012.

Paul Allanson (Dundee) collaborates on a National Institute for Health Research (NIHR) Research for Patient Benefit Programme, value £249,967, on “Squamous cell carcinoma Prevention in Organ transplant recipients using Topical treatments (SPOT): a feasibility study.”. The project runs from 2011 through 2013.

Sushil Mohan (Dundee) along with John Struthers (West of Scotland) have secured funding of £7463 (2011) from the British Academy to analyse price-risk management solutions such as futures and options for coffee, cocoa and tea producers & traders, liaise with UNCTAD/FAO in Geneva/Rome and organise an international conference on these issues by 2013.

PI: A. Kemp (Aberdeen)

Value: £124,200

Funded by: A consortium of Oil Companies together with Scottish Enterprise

Title: NORTH SEA OIL AND GAS ECONOMICS 2011

PI: A. Kemp

Value: £111,700

Funded by: A consortium of Oil Companies together with Scottish Enterprise

Title: NORTH SEA OIL AND GAS ECONOMICS 2012

PI: I. Theodossiou (Aberdeen)

Other Economics Investigators at Economics Aberdeen: T. Barmby, D. McCausland, A. Zangelidis and K. Pouliakas.

Value: €1.05 million

Funded by: EU.

Title: HEALTH at WORK - An inquiry into health and safety at work: A European Union perspective (Ended 31 - 12 - 2011)

PI: A. Zangelides (Aberdeen)

Other Economics Investigators: H. Dickey (Economics), D. Ikenwilo (HERU) & V. Watson(HERU)

Value: £43,034

Funded by: Chief Scientist Office (CSO)

Title: Eye Care Service in Scotland: Did the Scots Get it Right?

PI: A. Zangelides (Aberdeen)

Value: £7,300

Funded by: Nuffield Foundation

Title: The Incidence of Multiple Job - Holding in the EU

PI: Bhattacharaya, S. (Aberdeen)

Other HERU Investigators: Scotland, G.

Value: £44,638

Funded By: The Chief Scientist Office

Title: Clinical and cost effectiveness of elective single embryo versus double embryo transfer policy in assisted reproduction

PI: Glazener, C (HSRU, Aberdeen)

Other HERU Investigators: Kilonzo, M.

Value: £ 2,628,330

Funded By: National Institute for Health Research HTA Programme

Title: Clinical and cost - effectiveness of surgical options for the management of anterior or posterior vaginal wall prolapse: pragmatic evaluation by multicentre randomised controlled trial (PROSPECT: PROlapse Surgery: Pragmatic Evaluation and randomised Controlled Trial).

PI: Professor Crabb, D. (City University)

Other HERU Investigators: Hernandez, R.

Value: £ 288,692

Funded By: NIHR

Title: Comparative study of new imaging technologies for the diagnosis of glaucoma

PI: Azurara - Blanco, A (HSRU, Aberdeen)

Other HERU Investigators: Hernandez, R

Value: £ 408,886

Funded By: MRC

Title: Developing the intervention and outcome components for a proposed RCT on screening for open angle glaucoma

PI: Hutchison, I. (Queen Mary, University of London),

Other HERU Investigators: Pol, M. van der.

Value: £ 97,658

Funded By: CRUK

Title: The effectiveness and cost - effectiveness of elective neck dissection in early

oral cancer treatment

PI: Pitts, N., Clarkson, J. (Dental Health Services Research Unit, Dundee),

Other HERU Investigators: Pol, M. van der.

Value: £ 165,136

Funded By: NIHR HTA Programme

Title: INTERVAL Dental recalls trial (Investigation of NICE Technologies for Enabling

Risk - Variable - Adjusted - Length Dental Recalls Trial) a feasibility study and follow on

PI: N'Dow, J. and Grant, A. (HSRU, Aberdeen)

Other HERU Investigators: Hernandez, R.

Value: £ 179,857

Funded By: BUPA

Title: A prospective collaborative study of patients with intestinal segments transposed into urinary tract following surgery for bladder cancer or benign end stage bladder disease (OTIS)

Nick Hanley (Stirling) holds a Leverhulme Trust grant for £178,529 on “History and the Future: the Predictive Power of Sustainable Development Indicators”.

Frans de Vries (Stirling) holds a grant for €300,000 from the European Investment Bank for work on Designing Markets for Ecosystem Services Delivery (ECO-Delivery)

Nick Hanley (Stirling) with others holds a Scottish Funding Council Marine Alliance for Science and Technology Scotland grant for £310,000

Nick Hanley (Stirling) holds an ESRC grant of £30,000 for further work on the relationships between upland farming, policy change, and biodiversity

Bob Hart (Stirling) holds an ESRC grant for £51,000 for work on Real Wages and the Great Depression

David Bell (Stirling) holds an ESRC grant for £230,000 for work on population change.

David Bell (Stirling) holds a grant for £49,700 from the Joseph Rowntree Foundation for work on Financial Care Models in Scotland and the UK.

David Bell (Stirling) holds an ESRC grant for £41,451 for work on Scotland's Ageing Population: Microsimulation

David Bell (Stirling) holds an ESRC grant for £118,109 for work on Longitudinal Data Analysis for Social Science.

David Bell (Stirling) holds a grant for £12,536 from The National Assembly for Wales for Estimating the Cost of Free Domiciliary Care

David Bell (Stirling) holds a grant for £48,269 from the Scottish Executive for Establishing the Evidence Base for an Evaluation

David Bell (Stirling) holds a grant for £33,097 from the Local Government Finance Review Committee for Modelling of the Effect of Tax Options

David Bell (Stirling) holds a grant for £10,939 from the Joseph Rowntree Foundation for work on Free Personal Care - Recent Developments.

5.3.3 Recent impacts and knowledge exchange activities include:

Alex Kemp's (Aberdeen) extensive research on North Sea oil and gas economics continues to have considerable impact and influence on policy. Specific policy areas of the UK government which have been influenced are (1) the differential impact of the upstream petroleum tax system across fields located in different regions and with different characteristics, and (2) the need for intervention to enhance oil recovery in mature fields. With respect to policy formulation by the Scottish government in the context of constitutional change the research has been highly influential in the ongoing debate about the Scottish share of revenues and production and a possible Oil Fund.

Euan Phimister's (Aberdeen) EU-funded research project "Ex-ante Spatial Policy Impact Analysis of the RDR in European Rural Areas (RURAL ECMOD)", which ran from 2009-11, was used by DG AGRI, alongside the findings from other EU projects, to draw up their legal proposals for CAP reform [EU commission 2011]. The reforms will directly affect the livelihoods of farmers across the EU, upstream and downstream businesses in the agrifood chain and, indirectly, all those who use the countryside for recreation and access.

The Health Economics Research Unity (HERU) at Aberdeen made a number of presentations to policy-makers and health service professionals over the reporting period, including:

- Chief Scientist Office workshop on: Measuring, understanding and tackling health inequalities: new insights from Scottish research;
- Sax Institute Policy Forum; European Conference on Tobacco or Health;
- Scottish Annual Public Health Conference;
- UK Society for Behavioural Medicine Annual Scientific Meeting; and
- Health Technology Assessment International (HTAi).
- presentation of HERU research to senior officials from Scottish Government Health Directorates (SGDH) (policy);
- presentations on obesity-related research to SGHD, Food Standards Agency, Health Scotland, Scottish Food and Drink Federation (policy and industry); and
- Café Controversial presentation "Low Prices, High Spirits?" on alcohol pricing, and presentation on time preference to NICE Citizen Council (public).

Members of HERU also serve on various government advisory committees, including:

- Scottish Health Technologies Group;
- NICE Programme Advisory Group;
- Technical Advisory Group on Resource Allocation (TAGRA);
- Research and Evaluation Sub-committee of the Ministerial Working Group on Tobacco Control;

Mandy Ryan (HERU, Aberdeen) is ranked amongst the top health economists in the world in a recently published article (A. Wagstaff and A.J. Culyer, *Journal of Health Economics*, March 2012). Professor Ryan is placed 21st on the list of the top 100 health economists in the world, based on a measure of health economics publications and the number of times they have been cited, making her the top ranked health economist in the UK. In the same work, the authors also listed the top 100 institutions in health economics. Based on the h-index, HERU is ranked second in the UK, fourth in Europe, and 29th in the world.

Dr Sushil Mohan (Dundee) was an Invited Speaker at the Environment Guardian roundtable 'Ethical sourcing: what do consumers want?' held at the Guardian offices, London, on 14 December 2011.

Dr Steve Jones (Dundee) wins the 2011 Archives and Records of New Zealand (ARANZ) Ian Wards prize for his book 'Doing Well and Doing Good'. The prize is awarded annually to an outstanding piece of writing which in the view of the judging panel also demonstrates exemplary and/or innovative use of primary resources

For the fifth consecutive year, Heriot-Watt University has collaborated with BP in the preparation of the data for their *Statistical Review of World Energy 2011*. Researchers from Economics, along with colleagues in Accountancy, Finance, the Energy Academy and the Institute of Petroleum Engineering are involved in the project. The BP Review is highly esteemed and consulted by energy experts, the energy industry, academics and journalists around the world. Heriot-Watt's involvement in the BP Review is part of the increased focus on energy issues ensuring we continue to be a major player in research in this field.

David Bell (Stirling), who continues to play an active role advising in the Scottish Parliament as well as maintaining a prominent media presence, has recently been appointed as "Special Research Advisor" to the David Hume Institute.

5.3.4 Publications in reporting period include:

Barmby, T., Eberth, B. & Ma, AHY. (2012). 'Incentives, Learning, Task Difficulty, and the Peter Principle: Interpreting individual output changes in an Organisational Hierarchy'. *Labour Economics*, vol. 19, no. 1, pp. 76-81.

Monchuk, D., Kilkenny, M. & **Phimister, E. C.** (2012), "Rural Homeownership and Labour Mobility in the United States", *Regional Studies*. 13 p.

Phimister, E. C. & Roberts, D. J. (2012) "The role of ownership in determining the rural economic benefits of on-shore wind farms", *Journal of Agricultural Economics*. 63, 2.

Barmby, T. & Treble, J. (2011) "Worker Absenteeism" *Cambridge University Press*. 221 p.

Dickey, HS., Watson, V. & Zangelidis, A. (2011). 'Is it all about money?: An examination of the motives behind moonlighting'. *Applied Economics*, vol. 43, no. 26, pp. 3767-3774.

Jalles, J. Loungani, P., Wang, S. & Feiveson, L. (2011), "Slow Recovery to Nowhere?: A Sectoral View of Labor Markets in Advanced Economies", *IMF World Economic Outlook. International Monetary Fund* p. 41-46. 6 p.

Kemp, A.G. (2011) "The Great North sea oil saga: All Done or still Unfinished?" *Scotland's Economic Future*. Mackay, S. D. (ed.). Edinburgh: Reform Scotland p. 119-134. 16 p

Kemp, A.G. (2011), "The Official History of North Sea Oil and Gas, Volume 2: Moderating the state's Role", 1 ed. Routledge. 728 p. (*Government's Official History Series*).

Kemp, A.G. (2011). 'The Evolution of the World Petroleum Industry since 1945'. *The Technical and Legal Guide to Global Hydrocarbon*, pp. 1-36.

Kemp, AG. (2011). 'Evolving Economic Issues in the Maturing UKCS'. *Oil and Gas Law - Current Practice and Emerging Trends*, pp. 15-32.

Chavan, S., **Newlands, DA.** & Smith, WCS. (2011). 'A systematic review of economic evaluations of chemoprophylaxis for tuberculosis'. *Journal of Tropical Medicine*, vol. 2011.

Mendolia, S. & Doiron, D. (2011), "The impact of job loss on family dissolution", *Journal of Population Economics*. 32 p.

Pita, C., Pierce, G. J., **Theodossiou, I.** & Macpherson, K. (2011), "An overview of commercial fishers' attitudes towards marine protected areas", *Hydrobiologia*. 670, 1, p. 289-306. 18 p.

Battu, H., Zenou, Y. & Seaman, P. (2011). 'Job contact networks and the ethnic minorities'. *Labour Economics*, vol. 18, pp. 48-56.

Dickey, HS., Watson, V. & Zangelidis, A. (2011). 'Job Satisfaction and Quit

Intentions of Offshore Workers in the UK North Sea Oil and Gas Industry'. *Scottish Journal of Political Economy*.

Morris, S., Goudie, R., Sutton, M., Gravelle, H., **Elliott, RF.**, Hole, AR., **Ma, AHY.**, Sibbald, B. & **Skåtun, D.** (2011). 'Determinants of general practitioners' wages in England'. *Health Economics*, vol. 20, no. 2, pp. 147–160.

Skåtun, J. D. and **Theodossiou** (2011). 'Personnel Decisions, Wage Profiles and Investment in Firms'. *British Journal of Industrial Relations*.

Theodossiou, I. & Pouliakas, K. (2011). 'The Economics of Health and Safety at Work: An Interdisciplinary Review of the Theory and Policy'. *Journal of Economic Surveys*.

Theodossiou, I. & Economou, A. (2011). 'Poor and Sick: Estimating the Relationship between Household Income and Health'. *Review of Income and Wealth*.

Mentzakis, E., **McNamee, P.**, **Ryan, M.** and Sutton, M. Valuing informal care experience: does choice of measure matter? *Social Indicators Research*. doi: 10.1007/s11205-011-9873-y

Olajide, D. and **Ludbrook, A.** Diet, risk of obesity, and socioeconomic circumstances of individuals in the UK: A seemingly unrelated approach. *Nordic Journal of Health Economics*.

Watson, V., Carnon, A., **Ryan, M.**, Cox, D. Involving the public in priority setting: A case study using Discrete Choice Experiments. *Journal of Public Health Early view*, doi: 10.1093/pubmed/fdr102.

de Bekker-Grob, E., **Ryan, M.** and Gerard, M. Discrete choice experiments in health economics: a review of the literature. *Health Economics*. 2012; 20: 145-172.

Brown, H. Marriage, BMI and Wages: A double selection approach. *Scottish Journal of Political Economy*. 2011; 58(3): 347–377.

Brown, H. and Roberts, J. Exercising choice: The economic determinants of physical activity behaviour of an employed population. *Social Science & Medicine*. 2011; 73(3): 383-390.

Combes, J - B., Gerdtham, U-G. and Jarl, J. Equalization of alcohol participation among socioeconomic groups over time: an analysis based on the total differential approach and longitudinal data from Sweden. *International Journal for Equity in Health* 2011, 10:10

Lancsar, E., Wildman, J., Donaldson, C., **Ryan, M.** and Baker, R. Deriving distributional weights for QALYs through discrete choice experiments. *Journal of Health Economics*. 2011; 30(2): 466-478.

Mentzakis, E., **Ryan, M.** and **McNamee, P.** Using Discrete Choice Experiments to value informal care tasks: exploring preference heterogeneity. *Health Economics*. 2011; 28(8): 930-944.

Pol, M. van der. Health, education and time preference. *Health Economics*. 2011;

20(8): 917-929.

Dewit G, Leahy D. and **Montagna C.** “Employment Protection and Foreign Direct Investment in Dynamic Oligopoly”, *Economica* (In Press).

H. Molana, C. Montagna and C.Y. Kwan “Subsidies as Optimal Policy Stimuli”, *Bulletin of Economic Research* (In Press).

C.Montagna, A. Nocco “Labour Market Imperfections, Integration and Selection”, *Canadian Journal of Economics* (In Press).

J. Drud Hansen, **H Molana, C. Montagna** and J. Ulf-Møller Nielsen “Wage Determination, Globalisation and the Social Value of Leisure”, *Journal of Socio-Economics*, 41, 317-326.

Morelli C.J., ‘No evidence that patient choice in the NHS saves lives’, with Pollock A. M. MacFarlane A. Kirkwood, G. Majeed A. Greener I., Boyle S. Mellett H. Price D. Godden S. Brhlikova P., *The Lancet*, 10 October 2011,

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Allanson, P., Gerdtham, U-G. and **Petrie, D.** (2011) Accounting for the dead in the longitudinal analysis of income-related health inequalities, *Journal of Health Economics*, 30, 1113-1123.

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Héctor Navarro, Anthony Shakeshaft, Christopher Doran and **Dennis Petrie**, 2012, The cost-effectiveness of tailored, postal feedback on general practitioners' prescribing of pharmacotherapies for alcohol dependence, *Drug and Alcohol Dependence*, forthcoming.

Anne Ludbrook, **Dennis Petrie**, Lynda McKenzie and Shelley Farrar, 2012, Tackling alcohol misuse: purchasing patterns affected by minimum pricing, *Applied Health Economics and Health Policy*, Vol. 10. Issue 1, p51-63.

Anthony Shakeshaft, **Dennis Petrie**, Christopher Doran, Courtney Breen and Rob Sanson-Fisher, 2012, An empirical approach to selecting community-based alcohol interventions: combining research evidence, rural community views and professional opinion, *BMC Public Health*, Vol. 12. Issue 1, p25.

Joshua Byrnes, **Dennis Petrie**, Christopher Doran and Anthony Shakeshaft, 2012, The efficiency of a volumetric alcohol tax in Australia, *Applied Health Economics and Health Policy*, Vol. 10. Issue 1, p37-49.

Findlay, J., Findlay, P., and Warhurst, C. (2012) ‘What every worker wants? Evidence about employee demand for learning’. *British Educational Research Journal*, 38 (3). 515-532.

- Sen, A. & **Jamasb, T** “Diversity in Unity: An Empirical Analysis of Electricity Deregulation in Indian States” 2012 : *Energy Journal*. 33, 1, p. 83-130.
- Nepal, R. & **Jamasb, T** “Reforming the power sector in transition: Do institutions matter?” 2012 : *Energy Economics*.
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- Delaney, L.**, Harmon, C., and Ryan, M., (2012 in press). “Micro-level determinants of undergraduate study behaviour”. *Economics of Education Review*.
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- Delaney, L.**, and James P. Smith (2012), “Childhood Health: Trends and Consequences over the Life Course,” *Future of Children* 22, no. 1 (2012).
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- De Vries, F** "Inciting Protocols" (with T. Dekker, H. Vollebergh and C. Withagen), *Journal of Environmental Economics and Management* 64, 45-67 (June 2012).
- De Vries, F** "Voluntary Environmental Agreements: Lessons on Effectiveness, Efficiency and Spillover Potential" (with A. Nentjes and N. Odam), *International Review of Environmental and Resource Economics* 6, 119-152 (March 2012).
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firms. *Oxford Economic Papers*, 22 pages.

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Ferreira, S. and **Moro, M.** (2012) "Income and Preferences for the Environment: Evidence from Subjective Well-Being Data", *Environment and Planning A*, forthcoming.

De Feo, Giuseppe, Joana Resende and Maria Eugenia Sani. "Emission permits trading and downstream strategic interaction". *The Manchester School*, forthcoming.

Desbordes R. and Verardi V., 2012, "Refitting the Kuznets curve", *Economics Letters*, 116(2), pp. 258–261, August.

Desbordes R. and V. Verardi." A robust instrumental variables estimator", *Stata Journal*, forthcoming.

K. Turner, M. Gilmartin, P.G. McGregor and J.K. Swales 'An integrated IO and CGE approach to analysing changes in environmental trade balances' *Papers in Regional Science*, 91(1), pp. 161-180. 2012.

P. Lecca, **J.K. Swales, K. Turner** 'An investigation of issues relating to where energy should enter the production function', *Economic Modelling*, 28, 2832-2841. 2011

Allan, G.J., McGregor, P. G. and Swales J.K. (2011) "The Importance of Revenue Sharing for the Local Economic Impacts of a Renewable Energy Project: A Social Accounting Matrix Approach", *Regional Studies*, Vol.45, No. 9, pp 1171-1186.

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Allan, G, Gilmartin, M, McGregor, P. G. and **J. K. Swales** (2011) "Levelised costs of wave and tidal energy in the UK: cost competitiveness and the impact of "banded" ROCs", *Energy Policy*, Vol. 39, No. 1, pp 23-39.

Wilson, I A G, **McGregor, P G**, Infield, D G and Hall, P J. (2011) "Grid-connected renewables, storage and the UK electricity system", *Renewable Energy*, pp 2166-2170.

Gilmartin, M., Learmonth, D., McGregor, P.G., Swales, J.K. and Turner, K.R., "The national impact of regional policy: demandside policy simulation with labour market constraints in a two region computable general equilibrium framework." *Environment and Planning A*, forthcoming.

E Barbour, G A Wilson, I G Bryden, **P G McGregor**, P A Mulheran and P J Hall, "Towards an objective method to compare energy storage technologies: development and validation of a model to determine the upper boundary of revenue available from electrical price arbitrage", *Energy and Environmental Science*, forthcoming.

Hermannsson, K, Lisenkova, K, **McGregor, P G** and **J K Swales** “‘Policy scepticism’ and the impact of Scottish Higher Education Institutions (HEIs) on their host region: accounting for regional budget constraints under devolution”, *Regional Studies*, forthcoming.

McGregor, P G, Swales, J K and Winning, M “A Review of the Role and Remit of the Committee on Climate Change”, *Energy Policy*, forthcoming.

Turner, K, Ha, S, Hewings, G, McGregor, P G and **Swales, J K**. “Econometric estimation of Armington import elasticities and their system-wide impact in a regional CGE model of the Illinois economy”, *Economic Systems Research*, forthcoming.

Hermannsson, K, Lisenkova, K, **McGregor, P G** and **J K Swales** “The expenditure impacts of individual higher education institutions (HEIs) and their students on the Scottish economy: homogeneity or heterogeneity?” *Environment and Planning A*, forthcoming.

Turner, K, Munday, M, McGregor, P and **K Swales** “How responsible is a region for its carbon emissions? An empirical general equilibrium analysis,” *Ecological Economics*, forthcoming.

Chen, Y., K. Gibb, C. Leishman and **R.E. Wright** (2012), “The Impact of Population Ageing on House Prices: A Microsimulation Approach” *Scottish Journal of Political Economy*, vol. 59, no. 5

Kromydas, T., C. Lockyer, and **R. E. Wright** (2012), “Ageing Industries”, *Economic Commentary*, vol. 35, no. 4

5.4 Macroeconomics Financial Linkages and the Regions (MFLR)

5.4.1 Major events during the reporting period

18-19 August 2011 Workshop on Advances in Economic Growth – St Andrews³

The event was organised by Gonzalo Forgues-Puccio and Alex Trew (St Andrews). Unfortunately the original keynote speaker (Oded Galor, Brown) had to withdraw at the last minute. There were, however, excellent presentations by:

- Sascha Becker (Warwick) Does parental education affect fertility? Evidence from pre-demographic transition in Prussia.
- Shankha Chakraborty (Oregon) Twin transitions
- Max Gillman (Cardiff) Dynamic taylor condition within an endogenous growth monetary economy.
- Alex Trew (St Andrews) Spatial takeoff
- Dimitrios Varvarigos (Leicester) Pollution abatement as a source of stabilisation and long run growth.
- Anne Villamil (Illinois and Manchester) The effects of credit subsidies on development.
- Gonzalo Forgues-Puccio (St Andrews) Foreign aid: A fillip for development or a fuel for corruption.
- Luis Angeles (Glasgow) On the causes of the African slave trade and African underdevelopment.
- Parantap Basu (Durham) An adjustment cost model of inequality dynamics.
- Tiago Cavalcanti (Cambridge) Social structure and human capital dynamics.

The event attracted 25 participants from the Universities of Illinois, Oregon, Warwick, Edinburgh, Glasgow, Dundee, Cardiff, Stirling, Leicester, Durham and St Andrews.

29th-30th September 2011, Conference on ‘Monetary policy before, during and after the crisis’ - Heriot-Watt



The event was organised by David Cobham (Heriot-Watt).

Keynote speakers included:

- Ed Nelson, Federal Reserve Board, on the evolution of monetary policy at the Fed and the BoE over the crisis

³ Although this event took place just before the start of the reporting period, it was not included in last year's SIRE Report since a detailed report on the event was not available at the time the annual SIRE Report was prepared.

- Laurent Clerc, Banque de France, and Christian Bordes, Université Paris I, on the evolution of ECB policy over the crisis
- John Driffill, Birkbeck College, and Marcus Miller, University of Warwick, with an extension of their liquidity constraint paper to cover quantitative easing
- David Cobham, Heriot-Watt University, on what central banks knew and when about house prices in the run-up to the crisis and whether this means they could have acted to pre-empt or mitigate it

The event attracted around 100 participants from the Universities of Dundee, Edinburgh, Glasgow, Heriot-Watt, St Andrews, Stirling, Strathclyde plus the Universities of Durham, Newcastle, York, Cardiff, Luxembourg, Abertay, East Anglia, Napier, Bath, Oxford, Warwick; Birkbeck College, LSE, London Business School; and the Banque de France, Bank for International Settlements, Federal Reserve Board, Bank of England, IMF. The participants included Charles Goodhart, who acted as a roundtable discussant.

19th-20 April: Outsourcing and FDI: theory, evidence and policy - Dundee



This workshop, held at the University of Dundee, brought together 25 participants from the University of Oxford, Glasgow, Strathclyde, UL Bruxelles, Copenhagen Business School, KOF Swiss Economic Institute, Edinburgh, Lancaster, NUI Maynooth, Kiel Institute of the World Economy, Heriot-Watt, University of Bayreuth, UC Dublin, St Andrews and Abertay.

Although the papers were eminently ‘academic’, the discussion transcended purely theoretical and/methodological issues to embrace the policy implications and relevance of the results, facilitated by two economists from the Scottish Government. In addition, interaction between Scottish based economists helped to consolidate existing research collaborations and explore new ones.

Whilst the event was funded via the MFLR programme, the papers presented were also relevant to the two other SIRE programmes: BIC in terms of the factors determining the strategic incentives underpinning firms mode of operation decisions, and WWB because of the labour market implications of these decisions.

Another outcome of bringing together the group of academics is the exploration of a potential cross-institution grant application, including the broader European FP7 ‘Welfare, Wealth and Work’ grant funding.

The organisation of a policy forum is also being considered.

Finally, the workshop that took place in Glasgow the following week (see the next point) served as an early follow up for this workshop.

23rd April 2012 Workshop on ‘Globalisation and Firm Performance in the Aftermath of the Financial Crisis’ – Glasgow



The event was organised by Marina Spaliara (Glasgow), Richard Harris (Glasgow) and Catia Montagna (Dundee). It attracted 25 participants drawn from: Glasgow, Kiel, Durham, Dundee, New Zealand, Poland, and representatives from the Scottish Government.

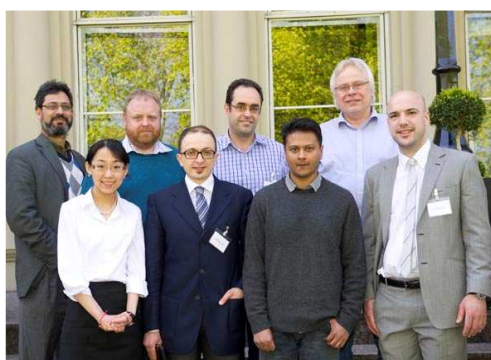
The keynote address was:

- Holger Görg (Kiel Institute for the World Economy) ‘*Surviving the crisis: foreign multinationals vs. domestic firms in Ireland*’

With further presentations:

- Serafeim Tskas (Glasgow) ‘*How does the interest burden affect firm survival? Evidence from a panel of UK firms during the recent financial crisis*’
- Richard Harris (Glasgow) ‘*The contribution of FDI to UK productivity growth*’
- Alessandra Guariglia (Durham) ‘*Negative investment in China: financing constraints and restructuring versus growth*’
- Catia Montagna (Dundee) ‘*Negative shocks, job creation, and selection in an export-oriented small open economy*’

3rd May 2012 SIRE Econometrics Workshop– “Forecasting in Turbulent Times” – Glasgow



The event was organised by Dimitris Korobilis (Glasgow) and Gary Koop (Strathclyde). See section 5.1.1 for further details

9th-10th July 2012 Conference on International Business Taxation: ‘Tax Competition, Common Consolidated Corporate Tax Base and Fiscal Autonomy’ – Strathclyde



This very successful event attracted 20 participants and concluded with a policy roundtable.

The event was organised by Celine Azemar (Glasgow), Rodolphe Desbordes (Strathclyde) and Ron Davies (UC Dublin).

Keynote talks:

- Eckhard Janeba (Mannheim) ‘*Tax and the City – A Theory of Tax Competition and Evidence for Germany*’
- Michael Devereux (Oxford) ‘*Consumption and Cash-Flow Taxes in an International Setting*’

With presentations:

- Tim Schmidt-Eisenlohr (Oxford) ‘*Wages and International Tax Competition*’
- Ben Ferret (Loughborough) ‘*Fiscal Competition for FDI when Governments Must Choose which Firm to Target*’
- Céline Azémar (Glasgow) ‘*Tax Competition and Hidden Tax Discrimination: Firm-level Evidence in Europe*’
- Ian Wooton, (Strathclyde) ‘*Intra-regional Competition for FDI amongst Heterogeneous Nations*’
- Dominika Langenmayr (Munich) ‘*Should Tax Policy Favor High- or low-*
- Ron Davies (Dublin) ‘*CCCTB 4 EU? SA vs. FA w/FTA*’
- Simon Loretz (Bayreuth) ‘*CCCTB and the Co-location of Tangible and Intangible Assets*’
- Nadine Riedel (Hohenheim) ‘*How Profit Shifting Behaviour within European Multinationals is Influenced by Corporate Tax Rate Changes and Transfer Pricing Regulations*’
- Gary Gillespie (Scottish Government, Chief Economic Adviser) ‘*Fiscal Autonomy for Scotland*’
- Kim Swales (Strathclyde) ‘*The Impact of a Devolved Corporation Tax to Scotland*’
- Helen Miller (Institute for Fiscal Studies) ‘*Issues in Tax Competition*’

12th July 2012 Master Class on The Use of Spatial Econometrics in International Public Finance – Strathclyde

The master class was given by Professor Ronald B. Davies, University College Dublin. See section 5.5 for further details.

5.4.2 Other seminar highlights in the reporting period include:

Walter McKibbin *Australian National University*, 'Global Fiscal Consolidation',

Stanislav Anatolyev *New Economics School, Moscow*, 'Instrumental Variables Estimation and Inference in the Presence of Many Exogenous Regressors'

Kevin Sheedy *London School of Economics*, 'A Model of Equilibrium Institutions',

Anthony Yates *Bank of England*, 'The Pitfalls of Speed-Limit Interest Rate Rules at the Zero Lower Bound',

Jim Gatheral *City University of New York*, 'The Execution Puzzle: How and When to Trade to Minimize Cost',

Andrzej Cieřlik *Warsaw University*, 'Globalization, International Trade and Social Development'

Roman Sustek *University of Southampton*, 'Housing Dynamics: An International Perspective'

Panicos Demetriades (*University of Leicester*), 'The Changing Face of Financial Development'

Javier Ferri *University of Valencia*, 'Household Leverage and Fiscal Multipliers'

Harald Scheule *University of Technology, Sydney*, 'Asset Securitization and Systematic Risk'

Michael Troege (*ESCP Europe*) 'Banks in Pyramidal Business Groups: The Allocation of Shareholder Liability and Credit Risk'

Gernot Müller (*Bonn*) 'Sovereign Risk and the Effects of Fiscal Retrenchement in Deep Recessions'

Nicholas Yannelis (*University of Iowa*) 'A new perspective to rational expectations: maximum rational expectations equilibrium'

Anne-Laure Delatte (*Rouen Business School*) 'Has the CDS market influenced the borrowing cost of European Countries during the Sovereign Crisis?'

Alvaro Cartea (*Carlos III, Madrid*) 'Where is the Value in High Frequency Trading?'

5.4.3 Recent major achievements and impacts include:

An ESRC grant of £192,351 to Charles Nolan (Glasgow) for research on “Should central banks adopt price-level targeting? Quantifying the long-term impact on social welfare.

Duration: 22/6/2012 – 2014

Jim Malley’s (Glasgow) ESRC grant for £118,464, to study heterogeneous agent dynamic general equilibrium models came to an end on 31st March 2012.

Richard Harris (Glasgow) holds an ongoing award of €521,227 from European Commission (INTERREG) plus €141,600 from Scottish Enterprise for a study of Innovation for Competitive Enterprises (ICE). The grant runs from April 2009 until end October 2012.

Alan Sutherland (St Andrews) holds an ongoing award of £285,762 from the ESRC for research on The Macroeconomics of Financial Globalisation. The grant runs from May 2011 until the end of April 2015.

Kaushik Mitra (St Andrews) holds an ongoing award of £211,605 from the ESRC for research on macroeconomic policy changes and adaptive learning

Gary Koop (Strathclyde) has delivered courses at the Bundesbank, the Bank of England, the Czech National Bank and the Polish Ministry of Finance.

Kim Swales and Peter McGregor are providing a Computable General Equilibrium Model of the Scottish economy to the Scottish Government and advising on its use. There are two ESRC/ Scottish Government funded PhDs linked to this activity.

The Fraser Economic Commentary is the flagship publication of the Fraser of Allander Institute (Strathclyde). Its independent forecasts and economic commentary attract considerable media coverage. It is published three times per annum (supported by PriceWaterhouseCoopers).

As part of the ESRC/ UK HE Funding Bodies Regional Impact of HEIs Initiative, Professors McGregor, Swales and Wright (Strathclyde) provided numerous presentations to regional and national government agencies and UK HE funding bodies, including a number of private briefings for policy communities (in Glasgow, Cardiff and Belfast). They also organised many special sessions of international conferences. McGregor also gave invited presentations at KTH and Stockholm Chamber of Commerce, Stockholm, November.

Peter McGregor, Kim Swales and Kristinn Hermannsson (Strathclyde) are working with Oxfam to create an annual index of wellbeing that extends well beyond conventional GDP measures.

In January 2012, Ronald MacDonald (Glasgow) was appointed monetary adviser for the IMF and recently went on a mission to the Central Bank of Costa Rica.

5.4.4 Publications in reporting period include:

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Jalles, J. & Afonso, A. (2012), "Do Fiscal Rules matter for Growth?", *Applied Economics Letters*.

Jalles, J. & Afonso, A. (2012), "Fiscal Volatility, Financial Crises and Growth", *Applied Economics Letters*. 19, 8, p. 1821-1826. 6 p.

Jalles, J. & Afonso, A. (2012), "Measuring the Success of Fiscal consolidations", *Applied Financial Economics*. 22, 13.

Jalles, J., Pereira, A. & Andresen, M. (2012), "Structural Change and Foreign Direct Investment: Globalization and Regional Economic Integration", *Portuguese Economic Journal*. 11, 1, p. 35-82. 47 p.

Jalles, J. & Afonso, A. (2011), "Appraising Fiscal Reaction Functions", *Economics Bulletin*. 31, 4, p. 3320-3330. 11 p.

Jalles, J. (2011) "Growth, Poverty and Inequality: Evidence from Post-Communist Economies", *Journal of Poverty*. 15, 3, p. 277-308. 32 p.

Jalles, J. (2011) "The Impact of Democracy and Corruption on the Debt-Growth in Developing countries", *Journal of Economic Development*. 36, 4, p. 41-72. 32 p.

D. Leahy, C. Montagna "Strategic Investment and International Outsourcing in Unionised Oligopoly", *Labour Economics*, 2012, 19, 260-269.

H. Molana, C. Montagna and M. Violato, "On the Causal Relationship between Trade Openness and Government Size: Evidence from OECD Countries", *International Journal of Public Policy*, 2011, Vol. 7, Nos. 4/5/6, 226-249.

Yu-Fu Chen, "Institutional Uncertainty, Economic Integration, and Vertical Foreign Direct Investment Decisions", *Open Economies Review*, 22, 593-612, 2011.

Yu-Fu Chen, Michael Funke and Nicole Glanemann, "Off-the-Record Target Zones: Theory with an Application to Hong Kong's Currency Board", forthcoming in *Studies in Nonlinear Dynamics & Econometrics*, 2012.

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A Bhattacharjee and S. Holly "Structural Interactions in Spatial Panels", 2011, *Empirical Economics* 40(1), Special issue on Panel Data Econometrics, 69–94.

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- Burnside, C.,** Eichenbaum, M., and Rebelo, S. (2011) ‘Carry trade and momentum in currency markets’. *Annual Review of Financial Economics*, 3 (1).
- Byrne, J.,** Fazio, G., and Fiess, N. (2012) ‘Interest rate co-movements, global factors and the long end of the term spread’. *Journal of Banking and Finance*, 36 (1).183-192.
- Byrne, J.,** and Nagayasu, J. (2012) ‘Common factors of the exchange risk premium in emerging European markets’. *Bulletin of Economic Research*.
- Cerrato, M.,** Sarantis, N. and Saunders, A. (forthcoming). 'An investigation of customer order flow in the foreign exchange market'. *Journal of Banking and Finance*.
- Cerrato, M.** (forthcoming) *The Mathematics of Derivatives Securities*. John Wiley & Sons.
- Cerrato, M.,** De Peretti, C., and Stewart, C. (2012) ‘Is the consumption-income ratio stationary? Evidence from linear and non-linear panel unit root tests for OECD and non-OECD countries’. *The Manchester School*.
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- Chen, X.,** and **MacDonald, R.** (2012) ‘Realised and optimal monetary policy rules in an estimated Markov-switching DSGE model of the United Kingdom’. *Journal of Money, Credit and Banking*.
- Chen, X.,** and Mills, T. C. (In press) 'Measuring the Euro Area Output Gap using Multivariate Unobserved Components Model Containing Phase Shifts'. *Empirical Economics*.
- Knight, J.,** and **Ding, S.** (2012) *China's Remarkable Economic Growth*. Oxford University Press, Oxford, UK.
- Ding, S.,** Guariglla, A., and Knight, J. (2012) ‘Investment and financing constraints in China: does working capital management make a difference?’. *Journal of Banking and Finance*.
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S Hebllich The Shadows of the Socialist Past: Lack of Self-Reliance Hinders

Entrepreneurship, *European Journal of Political Economy*, forthcoming (with S. Bauernschuster, O. Falck, and R. Gold).

S Hebllich Forced Migration and the Effects of an Integration Policy in Post-WWII Germany, *The B.E. Journal of Economic Analysis & Policy: Topics*, 12(1), 2012 (with O. Falck and S. Link).

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Koop, G "Understanding Liquidity and Credit Risks in the Financial Crisis," *Journal of Empirical Finance*, 2011, 18, 903-914. (Deborah Gefang and Simon Potter, coauthors).

Koop, G "Bayesian Inference in a Time Varying Cointegration Model," *Journal of Econometrics*, 2011, 165, 210-220 (Roberto Leon-Gonzalez and Rodney Strachan, co-authors).

Koop, G "Time Varying Dimension Models," *Journal of Business and Economic Statistics*, forthcoming (Joshua Chan, Roberto Leon-Gonzalez and Rodney Strachan, coauthors).

Koop, G "Bayesian Model Averaging in the Instrumental Variable Regression Model," *Journal of Econometrics*, forthcoming (Roberto Leon-Gonzalez and Rodney Strachan, co-authors).

Koop, G "Estimating the Impact on Efficiency of the Adoption of a Voluntary Standard: An Empirical Study of the Global Copper Mining Industry," *Journal of Productivity Analysis*, forthcoming (**Lise Tole**, coauthor).

Koop, G "Forecasting the European Carbon Market," *Journal of the Royal Statistical Society, Series A*, forthcoming (**Lise Tole**, coauthor).

Koop, G "Time Variation in the Dynamics of Worker Flows: Evidence from North America and Europe," *Journal of Applied Econometrics*, forthcoming (Mike Campolieti and Deborah Gefang, coauthors).

5.5 *Scottish Graduate Programme in Economics (SGPE) PhD Programme*

30th April 2012 Training workshop “Theory and Evidence on Strategic Thinking, with Applications” Vince Crawford (Oxford)



A day-long training workshop given by one of the world’s leading experts in game theory and experimental and behavioural economics. The workshop covered:

- Introduction, Experimental Evidence, Theory, and Illustrative Application on Responding to Payoff Asymmetries in Outguessing Games
- Applications: Zero-Sum Betting, Auctions with Incomplete Information, and Two-Person Entry/Battle of the Sexes Games
- Applications: Non-neutral Framing and Communication of Intentions in Outguessing Games

There were 40 participants drawn from the Universities of: Aberdeen, Dundee, Edinburgh, Glasgow, St Andrews, Stirling and Strathclyde.

6th-8th June 2012 Training workshop “Panel Time Series” Markus Eberhardt (Nottingham and Oxford)



A three-day training workshop, with 28 participants, including PhD students on non-economics pathways with the Doctoral Training Centre. The days were divided into lecture sessions, which took place in the mornings, and afternoon practical sessions using Stata. The topics covered by the lectures were:

- Introduction to Panel Time Series
- Static Panel Data Models
- Dynamic Single Equation Models
- Unit Roots
- Cointegration in panels
- Factor Models
- Modelling Between Group Dependence

The 28 participants were drawn from the Universities of Aberdeen, Dundee, Edinburgh, Glasgow, Heriot-Watt, St Andrews and Strathclyde.

12th July 2012: Master Class on “The Use of Spatial Econometrics in International Public Finance” Ronald Davies (UC Dublin)

The master class was given by Professor Ronald B. Davies, University College Dublin. In both public economics and international trade, an area of interest is the way in which governments interact with one another to compete for mobile investment. In recent years, researchers have begun using spatial econometrics to estimate the scope of such interaction. This master class gave an overview of the basics of spatial econometrics with an emphasis on the spatial lag models and their use in estimating competition for foreign direct investment. The course covered both the concepts behind spatial econometrics as well as practical methods used in their estimation. It also provided an overview of the empirical literature on competition for international investment, including tax competition, environmental competition, and labour standards competition. This short course was attended by about twenty people (a mix of PhD and academic staff from the Universities of Aberdeen, Dundee, Edinburgh, Glasgow, St Andrews, Strathclyde and Robert Gordon), who enjoyed the abundance of empirical applications of spatial econometric methods.

25th of July 2012: “Hedonics and Non-Market Valuation”. Chris Timmins (Duke)

The course attracted over 20 students from Glasgow, Stirling, and Edinburgh. The purpose of this mini-course was to provide a graduate-level overview of hedonic analysis. Hedonics are the primary revealed-preference tool for non-market valuation and cost-benefit analysis, and also play an important role in quality adjustment of price indices, and in modeling demand for differentiated products and their attributes. The course began with a brief discussion of Rosen’s (1974) seminal paper and basic identification issues. It proceeded with a discussion of the econometric problems associated with the recovery of the “willingness to pay” function, which is required for the valuation of non-marginal changes in amenities or product attributes. There followed a discussion of omitted variables bias, and the quasi-experimental techniques that are used to address them. The fourth part of the course described hedonic analysis when individuals sort over multiple (labour and housing) markets. The fifth component described three areas of current research in hedonics. The mini-course concluded with a short discussion of some of the weaknesses of the hedonic approach, motivating the use of structural sorting models.



contact us

**Scottish Institute for Research in Economics
The University of Edinburgh
Third Floor - Room 3.04
31 Buccleuch Place
Edinburgh
EH8 9JT**

**Email: info@sire.ac.uk
Tel: 0131 650 4066**

**www.sire.ac.uk
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