



OXFORD ECONOMICS NEWS

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Issue 1

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OXFORD ECONOMICS

Welcome to the first edition of the Oxford Economics newsletter. This new venture is intended to keep our alumni and friends informed about Economics at Oxford. Inside you will find information on the recent research activities of the Department, arrivals and departures, and other new developments.

2009 has seen Oxford Economics firmly established as one of the world's leading research departments. In the 2008 UK Research Assessment Exercise, Oxford was



RAE 2008 Analysis Power Rankings

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	Quality	Size	Power
University of Oxford	72.2	78.5	1
University of Warwick	72.7	49.6	0.63
London School of Economics	80.9	41.6	0.59
University of Nottingham	64.7	47.3	0.54
University College, London	78.8	32.2	0.45

Source: <http://product.researchresearch.com/index.php/rae-2008.html>

credited with more 'world leading' (4*) research output than any other Economics department in the UK. Overall, 95% of our research submitted to the RAE was classified as internationally excellent in terms of originality, significance and rigour. On the basis of these results, Research Fortnight ranked Oxford first in the UK for 'research power' in Economics. This assessment has received further support from the most recent IDEAS ranking of university departments of Economics which ranks Oxford 6th in the world and 1st outside of the USA.

The Department has always believed that high-quality research and excellent teaching go hand-in-hand. The 2010 Complete University Guide, the 2010 Guardian University Guide, and the 2010 Times Good University Guide, all rank Oxford first in the UK for the undergraduate study of economics. The MPhil remains one of the UK's most prestigious postgraduate programmes in Economics attracting first class students from around the world.



Department of Economics, Manor Road

Going forward, the Department is building on this success with new appointments at the senior and junior level, and the establishment of new research centres reflecting the department's world class research strengths in development economics, international economics and quantitative finance. Further information can be found on pages 2 and 3 of this newsletter.

Launch of a new International Growth Centre

In December 2008, International Development Secretary Douglas Alexander MP launched a new centre, to be led by the University of Oxford and the London School of Economics (LSE), to provide practical help to promote economic growth in developing countries. The Department for International Development (DFID) will provide £37million over the next three years to fund the new International Growth Centre. At the launch at the LSE on 10 December, Mr Alexander described the Centre as a 'global brains trust', which could improve the ability of developing countries to cope with effects of the economic downturn and provide innovative research on growth.

As well as commissioning and conducting research, the Oxford-LSE hub will seek to create a global network of experts by forging partnerships with individuals, networks and institutions from all over the world. The IGC, together with its partners, will be a unique resource providing a 'hotline' to the advice from world experts for developing countries that need practical support on issues, such as finance, agricultural yields, the energy sector or policies for the economy as a whole.

<http://internationalgrowthcentre.org/>

The Co-Directors of the IGC are Paul Collier, Professor of Economics at Oxford and Robin Burgess, Professor of Economics at the LSE.



Professor Paul Collier

Professor Collier said: *'For me the IGC is the realisation of a long held aspiration to put good quality research at the disposal of governments that face the most difficult development challenges on earth. Oxford and LSE already have a successful record of research partnership and the IGC will allow us to build on that relationship even further, not only sustaining our work but also giving us scope to scale up.'*

Mellon-Sawyer Seminar Series on “National Economic Policy-making in the Face of Globalization”



Professor Tony Atkinson

Professor Tony Atkinson received funding from the Mellon Foundation for a major seminar series on the making of national and international policy-making in the face of the challenges of globalization. The choice of subject proved very timely. The interconnectivity of economies and national policy choices has proved to be a central element of responses to the economic crisis that has dominated world policymaking since September 2008. The economic crisis has demonstrated the need for a unified approach to the major problems confronting the world: macro-economic imbalances, regulation of capital markets, global warming and ending world poverty.

The seminar series was launched in November 2008 when Francois Bourguignon, formerly Chief Economist of the World Bank, and now Director of the Paris School of Economics, spoke on *“The Millennium Development Goals (MDGs) Half Way”*. The series continued for the remainder of the academic year with speakers who are distinguished academic economists with experience of applying economic analysis to actual policymaking. The topics discussed included *“Managing international financial instability”*, *“IMF reform and the global and economic financial crisis”*; *“China and the world economy”*; *“International Migration”*. The series culminated in a workshop at the end of June 2009 on the *“Challenges of 2010s”* with participants including Professor Ravi Kanbur (Cornell), Lord Stern (of the Stern Review), Professor Geoffrey Heal (Columbia), Arvind Subramanian (Peterson Institute), Professor Alan Winters (Chief Economist, Department for International Development), Professor Richard Portes (London Business School).

Summaries of the Mellon-Sawyer seminar presentations can be found on the website:

<http://www.oxiged.ox.ac.uk/>

Arrivals and Departures

With the support of the University, the Department has strengthened its research leadership, creating five new established chairs in Economics to complement the five existing statutory Professors. We have been fortunate in attracting economists of international distinction to these key senior positions: **Martin Browning**, Professor of Economics and Director of the Centre for Applied Microeconometrics at the University of Copenhagen, is one of Europe's leading micro-econometricians; **Peter Neary**, who joined Oxford from University College Dublin, is a leading scholar in the field of international trade and a former president of the European Economic Association; **Neil Shephard** was Professorial Fellow in Economics at Nuffield College and is an econometrician working with high frequency data to analyse financial volatility; **Tony Venables**, formerly Professor of Economics at the LSE, is internationally recognised for his work on international trade and economic geography; **Peyton Young** from John Hopkins University is one of the world's leading researchers in the area of strategic learning and game theory and, until recently was President of the Game Theory Society.

In September 2009 **Paul Beaudry** is joining the department as Professor of Economics. Paul, formerly Professor of Economics and Canada Research Chair in Macroeconomics at the University of British Columbia, is a distinguished macroeconomist with particular interests in monetary economics and technical change and growth. **Vincent Crawford**, currently Distinguished Professor of Economics, University of California at San Diego, is taking up the Drummond Professorship in Political Economy in January 2010 replacing Sir John Vickers. Vince is a Fellow of the American Academy of Arts and Sciences, the Econometric Society, and the Guggenheim Foundation, and he is currently co-editor of the American Economic Review. His research focuses on game-theoretic questions in economics, with emphasis on bargaining and arbitration, strategic communication, learning, and coordination. Joining the department in 2009 as University Lecturers are: **Philipp Kircher**, currently Assistant Professor of Economics, University of Pennsylvania; **Peter Eso**, currently Assistant Professor at Northwestern University; **Debopam Bhattacharya**, currently Assistant Professor at Dartmouth College.



Professor Vincent Crawford

It is with great sadness that we report the recent deaths of two long-standing and greatly valued members of the Department. In September 2007, **Gavin Cameron** died of cystic fibrosis while awaiting a lung transplant. Gavin came to Oxford in 1992 as a DPhil student working on innovation and economic growth. He became one of the UK's leading macroeconomists and was a University Reader in Economics and Fellow of Lady Margaret Hall at the time of his death. **Andrew Glyn** died in December 2007 following a short illness. Andrew was Fellow and Tutor in Economics at Corpus Christi from 1969 and had been Deputy Head of the Department since 2006. He is warmly remembered for his outstanding qualities as a teacher, scholar and colleague. Gavin and Andrew are greatly missed by their friends and colleagues in the Department of Economics.

A number of long-standing members of the department have retired in the last two years. **Professor John Knight**, the first head of the Department of Economics, and **Mary Gregory** formally retired in 2008; followed by **Professors Sir Tony Atkinson, Christine Greenhalgh and Christopher Allsopp** in 2009. We are grateful to all of them for their contributions over many years and very much hope that they will continue to be closely associated with the Department. Others are moving on to fresh challenges. **Professor Sir John Vickers** has become Warden of All Souls College. **Dr Andrew Patton** is moving to a professorship in the Economics Department at Duke University, North Carolina. Four postdoctoral research fellows are leaving in 2009 to take up appointments elsewhere: **Dr Jennie Castle** to a tutorial fellowship at Magdalen College, **Dr Mikhail Drugov** to a tenure-track post at Universidad Carlos III in Madrid, **Dr Rocco Macchiavello** to a lectureship at Warwick, and **Dr Andrea Pataconi** to Aberdeen Business School.

Honours and Distinctions

The many contributions of Oxford economists to economics and economic policy have been recognized in 2008 and 2009.

Professor David Hendry, former head of department, received a knighthood for his contributions to social science in the Queen's 2009 Birthday Honours list. **Professors Paul Collier and Tony Venables** received CBE's in the 2008 Birthday Honours and the 2009 New Years Honours respectively for their contributions to the field of development economics and development policy. **Ian Jewitt**, Official Fellow in Economics at Nuffield College, was elected Fellow of the Econometric Society in 2009,



Professor David Hendry

while **Professors Martin Browning and Peter Neary** were elected Fellows of the British Academy in July 2008. A total of 14 members of the department, including all the current statutory professors are Fellows of the British Academy, while 13 are Fellows of the Econometric Society.

In November 2008, **Steve Nickell**, Warden of Nuffield College, jointly with Richard Layard, was awarded the IZA Prize in Labour Economics for outstanding contributions to the field for their path-breaking work on the relationship between labour market institutions and unemployment. Earlier in the year **Dr Rui Esteves** was awarded the Zvi Meitar/ Vice Chancellor Oxford University Research Prize for outstanding early-career researchers in the humanities and social sciences. Rui received the prize to support his research on financial integration during the 'first wave of globalisation' in the four decades prior to World War 1.

In 2006, research students in the Department launched, *Oxonomics*, a peer-reviewed academic journal designed to be accessible to students and practitioners of economics while maintaining academic rigour. Created and edited by research students, *Oxonomics* offers a platform for students and young researchers to contribute to current policy debates alongside established academics and policy makers. *Oxonomics* is available online at <http://www.economics.ox.ac.uk/oxonomics/>

Research Students

Oxford Economics continues to make a major contribution to the future strength of the discipline through its graduate programmes. Each year we admit between 50 and 60 students to the two-year MPhil programme in Economics and a significant number of these students proceed to study for the DPhil. The Oxford DPhil programme is one of the largest in the UK and our research students continue to produce innovative and thought-provoking work as illustrated by the following examples.

Promotional piracy

Karen Croxson's research on promotional piracy has attracted considerable attention, with references to her work in the *Financial Times* and *Slate*. The key idea of this research is to recognize that piracy — the unauthorized reproduction of goods such as software and music — has two effects. On the one hand it displaces sales. To set against this, there is the possibility that a consumer who would not have bought a genuine copy buys a pirated copy, and alters others to the products existence and its characteristics, thereby serving a marketing function. Karen's model takes both business stealing and promotional effects into account and identifies conditions under which the latter may dominate and hence piracy may prove to be good for business. Her findings explain why some businesses may take a far more tolerant attitude to piracy than others.



Dr Karen Croxson

The Islamic revival

A basic premise of Jean-Paul Carvalho's work is that a religion 'immunizes' a person against the psychological loss experienced when their realized income falls short of their expectations. Individuals may choose to allocate scarce time to religious activities or to market work. Those who engage more in religious activities acquire values which reduce their concerns about material disappointment. Within this framework, it is not poverty per se that leads to an upsurge in religious activity but an increase in inequality and a decline in social mobility, as was observed in many Muslim societies in the 1970s and 1980s. Furthermore, his model predicts that the rise in religious activity will be more pronounced for highly educated individuals, since they have higher expectations of material success, and so greater unfulfilled aspirations. This is consistent with the evidence of the prominent role played by the educated middle class in the contemporary Islamic revival.

It is the Department's ambition to provide all outstanding young scholars who apply with the financial support necessary to undertake doctoral studies or postdoctoral research at Oxford. For further information and details of how you may help please see http://www.giving.ox.ac.uk/academic_departments/social_sciences/economics.html

Post-Doctoral Research Fellows in Economics

Maintaining our strength in research and teaching relies on our ability to attract the very best young academics to Oxford. To this end, the Department has introduced Postdoctoral Research Fellowships to enable outstanding young scholars to develop their research agendas and commence publishing, mentored by senior researchers in their field. The Postdoctoral Research Fellowships have attracted early-career researchers from leading academic institutions worldwide, including Cambridge EUI, Harvard, LSE, Princeton and Stanford. Their presence has contributed to a vibrant research environment with an extensive programme of research seminars and more informal workshops and meetings. Since its introduction in 2003, nearly 30 postdocs have completed their appointments at Oxford, with many progressing to tenure-track positions in world-class economics departments, including Cambridge, Madrid-Carlos III, LSE, Milan-Bocconi, Northwestern, Pompeu Fabra, Stockholm, Warwick, Wisconsin-Madison, as well as within Oxford itself.