



Professor Robert E. Rowthorn – Chairman of the Faculty

The Faculty of Economics and Politics was established in the early 1930s on the initiative of Alfred Marshall. John Maynard Keynes was perhaps the most prominent of those who gave the Faculty its momentum in the 1920s and 1930s. When A.C. Pigou was setting out the foundations of welfare economics and Joan Robinson was developing the theory of imperfect competition. Of those active in the post-war years, James Meade, Richard Stone, and other members, James Mirrlees and Amartya Sen were awarded Nobel Prizes. The Faculty currently has major teaching programmes at both undergraduate and postgraduate level and, with the Department of Applied Economics, has the largest groups of research-active economists of any British university.

The Department of Applied Economics (DAE) is one of the largest University-based research institutes in economics in the country, with a long and distinguished history. The original proposal for establishing the Department was made by J.M. Keynes and was the subject of a report to the University in November 1939. Through the war, the report and its formal establishment was deferred until 1945. Its first Director was Sir Richard Stone, subsequently a winner of the Nobel prize in Economics. Over the years it has made major contributions in a wide range of economics. The DAE is part of the Faculty of Economics and Politics, many of whose leading staff are closely involved in research projects in the Department. It shares the same building as the Faculty and its research staff meet each other and teaching officers each day at morning coffee and afternoon tea in the common room on the top floor. The Annual Report of the Department of Applied Economics provides a full and separate account of the research and publications of DAE staff.

This Annual Report places on record the principal developments during the last academic year. It also provides a guide to the research interests and activities of the academic teaching staff of the Faculty.

ANNUAL REPORT 2002/2003

FACULTY OF ECONOMICS AND POLITICS

UNIVERSITY OF CAMBRIDGE



covering the year
1 October 2002 to 30 September 2003

Contents

1. Introduction	page 3
2. Staff:	
Academic Staff	page 6
Assistant Staff	page 9
3. Visiting Scholars	page 10
4. Marshall Library	page 11
5. Teaching:	
Undergraduate.....	page 12
Undergraduate Awards	page 12
Graduate.....	page 12
Graduate Awards	page 14
6. PhD Degrees Awarded	page 15
8. Academic Staff - Awards and Recognition	page 16
9. Academic Staff Publications and Research Interests.....	page 20
10. College-based Members of the Faculty:	page 42
11. Lectures, Seminars:	page 43
Marshall Lecture 2002	page 43
12. Cambridge Working Papers in Economics 2002-2003	page 44

Introduction

The Chairman of the Faculty Board, Professor Robert Rowthorn, had a busy year, leading the Faculty through the General Board Review of the Faculty and Department of Applied Economics, representing the Faculty at the School of Humanities and Social Sciences and dealing with the implications of devolving University funding by means of the Resource Allocation Model.

The Pitt Professorship was assigned to the Faculty for 2002-2003 and Professor Timothy Guinnane from Yale University was appointed to the post. Dr William Coleman of the University of Tasmania was appointed to a temporary lectureship. Dr Dylan Sutherland was appointed to a two-year temporary Assistant Directorship of Development Studies for the academic years 2002-03 to 2003 during the absence on leave of Dr Ha-Joon Chang. Ros Lindsay joined the Faculty as part-time General Board Administrative Officer with responsibility for co-ordinating the Graduate Programme.

Dr Geoffrey Meeks left the Faculty during the course of the year to take up a Professorship in the Judge Institute of Management Studies. Professor Sir James Mirrlees retired as Professor of Political Economy on 30 September 2003. As an Emeritus Professor, Sir James will continue to participate in the life of the Faculty. Professor David Newbery retired as Director of the Department of Applied Economics on completion of fifteen years in post. Professor Newbery will continue in the Faculty. Dr Peter Tinsley resigned with effect from 30 September 2003 in order to return to the United States.

The University promoted Dr Tony Lawson and Ms Holly Sutherland to Readerships in Economics. Dr Gabriel Palma and Dr Donald Robertson were promoted to Senior Lectureships.

Review of the Faculty, including the Department of Applied Economics

The University's decennial Review of the Faculty continued into the year 2002-2003. The Review Committee made its initial report during the Lent Term 2003 and the committee's proposals have been put to a sub-committee of the General Board. The Faculty Board supports the proposal that the Faculty of Economics and Politics and the Department of Applied Economics become much more closely integrated. A number of issues remain to be settled, but the Faculty is confident that closer integration will lead to a more unified structure within which to develop research objectives of the economics discipline in Cambridge, and make better use of resources.

Celebrating the Centenary of the Economics Tripos

The conference of alumni and their teachers, organised by Dr Geoff Meeks was held on Friday 26 September 2003. The conference was held to celebrate the first century of the Economics Tripos and was a considerable success, bringing together 200 participants, including three Nobel Prize winners and a number of distinguished alumni. The Faculty hopes to build on the re-established links with its graduates. A demonstration of the fully renovated Phillips Machine proved popular with the alumni.

Phillips Machine

The unusual feature of the past year has been the rejuvenation of the Faculty's hydraulic macroeconomic modelling 'Phillips Machine'. Fifty years ago, just before electronic computers arrived, the remarkable New Zealand economist and engineer, Bill Phillips devised an analogue computer which modelled the Keynesian open economy in water with a system of pumps, tanks, valves and displays. The version that the Faculty purchased at the time in due course passed from use. Ten years ago, by which time it had become the only fully intact remaining example of the Machine in the world, it was partially restored and placed in a large glass-fronted case. During 2003 it was brought fully back to life thanks to the enthusiasm and skill of Allan McRobie and colleagues in the Engineering Faculty. This was a considerable achievement, not least because the original Machine transgressed numerous electrical safety regulations, as well as leaking copiously. The fully restored Machine was given its inaugural demonstration by Allan and Brian Henry to enthusiastic alumni (including Sir Edward George) at the Centenary Conference. Since then the students' Marshall Society have shown considerable interest in it and a number of colleagues have undertaken to give the Machine the tender care and periodic demonstration runs that it deserves. Funds are now being sought to produce a computer simulation of this remarkably vivid teaching device. The Faculty are very grateful to Allan and the Engineering Faculty for all their help.

Marshall Lectures

The Marshall Lectures were given by Professor Jean Tirole of the University of Toulouse in February 2003. The title of the lectures was International Financial Crises.

Tudor Studentships

The Faculty accepted with gratitude a generous benefaction from the Tudor Investment Corporation. The income from this benefaction will be used to provide awards known as Tudor Studentships in Financial Econometrics in the Faculty of Economics and Politics. These awards will be open to graduate students in the University who are undertaking advanced study or research in the Faculty.

Many of the Faculty's graduate students are supported financially from a variety of studentships. The ORS scheme and the Cambridge Trusts support a number of overseas students. ESRC studentships support UK and other EU students. The Gates Cambridge Trust funds overseas students to do postgraduate taught courses and research. Benefactions to the Faculty also support students. These include the Richard Khan, Rothschild, Montague Burton, Tudor and Wrenbury. The Faculty also provides a number of teaching assistantships and teaching fellowships, which help to fund students through their PhD training. Despite the number of existing sources of funding the Faculty has insufficient studentships and bursaries to help all the students it wishes to support, to maintain a thriving community of research students. The Faculty would like to establish more bursaries to support its outstanding students.

Diploma

The academic year was the last year of over a decade of support from Citigroup to the Faculty's Diploma in Economics and to the Citibank Scholarships for the Diploma and the MPhil, taken up by students from Eastern Europe and the Pacific rim in particular. This support has enabled the Faculty to establish the Diploma as preparatory training in economics for students with a first degree in another discipline. Many Diploma students have gone on to complete the MPhil, some of whom have subsequently completed the PhD. Citigroup's generous support has widened access to postgraduate economic studies.

Academic Staff

Professors

- Professor William A Brown CBE - Montague Burton Professor of Industrial Relations - BA (Oxon)
e-mail: WAB10@econ.cam.ac.uk
- Professor Sir Partha Dasgupta FBA - Frank Ramsey Professor of Economics - BSc (Delhi), BA, PhD (Cantab)
e-mail: PD10000@econ.cam.ac.uk
- Professor Christopher J Harris - Professor of Economics - BA, MPhil, DPhil (Oxon)
e-mail: CJH22@econ.cam.ac.uk (on leave of absence 2002-2003).
- Professor Andrew C Harvey FBA - Professor of Econometrics - BA (York), MSc (London)
e-mail: ACH34@econ.cam.ac.uk
- Professor Sir James Mirrlees FBA - Professor of Political Economy - MA (Edinburgh), BA, PhD (Cantab)
e-mail: JAM28@econ.cam.ac.uk
- Professor David M G Newbery FBA - Professor of Applied Economics - MA, PhD (Cantab), ScD (Cantab).
e-mail: DMGN@econ.cam.ac.uk
- Professor M Hashem Pesaran FBA - Professor of Economics - BSc (Salford), PhD (Cantab)
e-mail: MHP1@econ.cam.ac.uk
- Professor Robert E Rowthorn - Professor of Economics - BA, BPhil (Oxon)
e-mail: RER3@econ.cam.ac.uk
- Professor Ajit Singh - Professor of Economics - BA (Punjab), MA (Howard), MA (Cantab), PhD (Berkeley)
e-mail: AS14@econ.cam.ac.uk
- Professor Timothy Guinnane - Pitt Professor - Yale University.

Readers

- Dr Jeremy S S Edwards - BA (Cantab), BPhil, DPhil (Oxon)
e-mail: JE12@econ.cam.ac.uk
- Dr Tony Lawson - BSc (London), MSc (LSE), PhD (Cantab)
e-mail: TL27@econ.cam.ac.uk
- Dr Sheilagh C Ogilvie - MA (St Andrews), MA (Chicago), PhD (Cantab)
e-mail: SC02@econ.cam.ac.uk (on leave of absence 2002-2003).
- Dr Hamid Sabourian - BA (Cantab), MSc (LSE), PhD (Cantab)
e-mail: HS102@econ.cam.ac.uk
- Dr Stephen Satchell - BA (NSW), MA (Sydney), MCom (NSW), PhD (London), MA, PhD (Cantab), FIA.
e-mail: SES11@econ.cam.ac.uk

University Senior Lecturers

- Mr Robert A Evans - BA (Oxon), MSc (London)
e-mail: RAE1@econ.cam.ac.uk
- Dr Sara H Horrell - BSc(Hons) (Bath), MPhil, PhD (Cantab)
e-mail: SH111@econ.cam.ac.uk
- Dr J Gabriel Palma - BSc (Chile), DPhil (Oxon), DPhil (Sussex)
e-mail: JGP5@econ.cam.ac.uk
- Dr Geoff Meeks - BA (Cantab), PhD (Edinburgh)
- Dr Donald Robertson, MA (Cantab), MSc (LSE), PhD (LSE)
e-mail: DR10011@econ.cam.ac.uk
- Dr Paul Ryan - BSc, MSc (LSE), PhD (Harvard)
- Dr Solomos N Solomou - BSc, MSc (LSE), PhD (Cantab)
e-mail: SS19@econ.cam.ac.uk
- Dr Peter Tinsley - BA, PhD (Princeton) (on leave of absence 2002-2003).

University Lecturers

- Dr Toke S. Aidt - MA (Aarhus), PhD (Denmark)
e-mail: Toke.Aidt@econ.cam.ac.uk
- Ms Cecile Aubert - BA, MA, PhD (Toulouse)
e-mail: CA255@econ.cam.ac.uk
- Dr William Coleman -
e-mail: WC218@econ.cam.ac.uk
- Dr Gernot Doppelhofer - MA (Vienna), MPhil, PhD (Columbia)
e-mail: GD237@econ.cam.ac.uk
- Dr John L. Batwell - BA (Cantab), MA, PhD (Harvard) (on leave of absence from Oct 02 to Sept 07).
e-mail: JE24@econ.cam.ac.uk
- Dr Petra Geraats - M.Econ (Tilburg), PhD (Berkeley)
e-mail: PMG32@econ.cam.ac.uk
- Dr Chiaki Hara - BA, MA (Hitotsubashi University), MA (Harvard), PhD (Harvard)
e-mail: CH201@econ.cam.ac.uk (on leave of absence 2002-2003)
- Dr Pramila Krishnan - B.Stat(Hons) (ISI, Calcutta), M.Stat (ISI, Calcutta), PhD (Florida)
e-mail: PK237@econ.cam.ac.uk
- Dr Hamish Low - BA (Oxon), MPhil (Oxon), PhD (UCL)
e-mail: Hamish.Low@econ.cam.ac.uk
- Dr Christopher M. Meissner - AB (Washington in St Louis), PhD (Berkeley)
e-mail: chris.meissner@econ.cam.ac.uk
- Dr A William A Peterson - BA (Cantab), MA (Essex), PhD (Cantab)
e-mail: AWAP@econ.cam.ac.uk
- Dr Susanna Sallstrom-Matthews - Civ.ek (SSE), PhD (SSE)
e-mail: SES39@econ.cam.ac.uk
- Dr Emanuela Sciubba - MA (Rome), MPhil (Cantab), PhD (Cantab)
e-mail: ES204@econ.cam.ac.uk
- Dr M Weeks - BA (Reading), MA (Illinois), PhD (Pennsylvania)
e-mail: MW217@econ.cam.ac.uk

Assistant Director of Development Studies

Dr Ha-Joon Chang - BA (Seoul), MPhil, PhD (Cantab) (on leave of absence 02-03)

e-mail: HJC1001@econ.cam.ac.uk (on leave of absence 2002-2003)

Dr Dylan Sutherland - PhD (Cantab)

e-mail: DS10s@econ.cam.ac.uk

Assistant Director of Research

Mr Ken J Coutts - BA, MA (Cantab)

e-mail: KJC1@econ.cam.ac.uk

Senior Assistant in Research

Dr Shaun P Vahey - BA, MA (Essex), PhD (British Columbia)

e-mail: SV206@econ.cam.ac.uk

Senior Research Fellow

Dr P Zaffaroni - MSc(LSE), PhD (LSE)

e-mail: PZ213@econ.cam.ac.uk

Newton Trust, CTO Lecturer

Dr Rupert Gatti - PhD (Cantab)

e-mail: JRJG1@econ.cam.ac.uk

Research Fellow

Dr Sriya Iyer - BA(Delhi), BA(Cantab), MPhil, PhD(Cantab)

e-mail: SII05@econ.cam.ac.uk

Senior Computer Officer

Mr Brian J Holley - MA (Oxon)

e-mail: BJH6@econ.cam.ac.uk

Computer Officer

Mr Craig Peacock - B.Lib (Wales)

e-mail: CJP24@econ.cam.ac.uk

Librarian - Marshall Library

Mr Rowland Thomas - BA (Open Univ)

e-mail: HRT1001@econ.cam.ac.uk

Faculty Administrative Officer

Mrs Ruth M Fenton - BA (Lancaster)

e-mail: Ruth.Fenton@econ.cam.ac.uk

Graduate Administrative Officer

Mrs Ros Lindsay - BA (Cardiff)

e-mail: RL286@econ.cam.ac.uk

Assistant Staff

Secretarial and Clerical

Ms Sue Chamberlain

*Secretary, Journal of
Econometrics*

Ms Louise A Cross

Senior Secretary

Mrs Joanna Gathercole

Senior Secretary: Graduate Admissions

Mrs Nacirah Lutton

Secretary

Mrs Sue Pilkington

Secretary

Mrs Jane Richardson

Senior Secretary: Graduate Office

Mrs Susan Wallman

Secretarial Assistant

Mrs Jackie Walpole

Administrative Secretary

Miss Laura Wheddon

Secretary

Mrs E Ann Widdop

Senior Secretary: Graduate Office

Custodial and Support Staff

Mr Clive T Harding

Custodian

Mr. Brian Barber

Mr Rob Dockerill

Mr Gordon Harding

Marshall Library Staff

Mr Rowland Thomas BA, MCLIP

Librarian

Mr Simon Frost BA, MA, Dipl Lib

Deputy Librarian

Ms Patricia Mossford B.Sc

Senior Assistant

Mrs Oksana Chirgadze B.Ed

Assistant

Mrs Anita Richards B.Sc

Assistant

Mrs Ruth Ridge BA, PGCE

Assistant

Ms Silva Ule BA

Assistant

VISITING SCHOLARS

The following Visiting Scholars, during the academic year 2002/03, worked with members of the Faculty:

Dr. Marcus Bujosa	Universidad Complutense de Madrid
Dr. Wei Ge	Bucknell University, U.S.A.
Dr. Wei-Torng Juang	Academia Sinica, Taiwan <i>Heterogeneous Agents and Financial Markets</i>
Professor Makoto Nishibe	Universita degli studi di Siena <i>Money and Market Theory. Alternative Money</i>
Dr. Hiroatsu Nohara	Universite Aix-Marseille <i>International Comparisons of Labour Market Structure and Outcomes, in particular Franco-Japanese</i>
Professor Klas Nyberg	Uppsala University
Dr. Gabrielle Pastrello	University of Trieste <i>History of Economic Thought</i>
Dr. Jukka Pirtilla	Bank of Finland <i>Public Economics, Transition Economics</i>
Dr. Tom Rothenberg	University of California at Berkeley
Professor Masato Sato	Kansai University, Japan <i>Structuralist Macroeconomics, Conflicts and Economic Performance, Financial Instability</i>
Dr. Vania Sena	Leeds University Business School
Mr. Gregory Valatin	University of Siena, Italy <i>Environmental Economics</i>

Marshall Library

The Library experienced another busy year. The number of books issued increased to 76,000 compared to 63,000 in the previous year. Almost three times as many books and other items were catalogued and added to the collection (1,847) compared with the previous year (650) when the library had a vacant post for some time. The electronic counter at the library entrance recorded over 700 people entering the library per day in term, with a total of over 110,000 entering the library over the year. Students continued to give positive feedback concerning the library in the termly student questionnaire.

The Library Committee continued to give a high priority to monitoring journal subscriptions. During the year it was agreed that the subscription to *Ecological Economics* should not be renewed at the end of the year as the title was little used, expensive, and available at the University Library. It was agreed that subscriptions should be taken out to *Experimental Economics* which would support teaching in the Faculty, *Journal of the European Economic Association* which replaced *European Economic Review*, and also to 13 peer-reviewed electronic journals provided by Berkeley Electronic Press.

Much time was invested in reorganising the basement in order to make better use of the space available. This was an enormous job which involved moving several thousand volumes. Work also began on identifying and removing duplicated holdings of a number of statistical publications and some journals stored by both Marshall and DAE libraries in the basement. The space created has allowed staff to transfer unused books from open shelves to the basement which now means that the shelves in the main library do not look as crowded as they did previously. One consequence of this is that it has become easier to reorganise sections of stock and work has also begun on reclassifying several sections using the American Economic Association's JEL classification as a guide.

The Faculty's centenary conference, held at the end of September, began with registration and coffee in the Marshall Library. Alumni were clearly very pleased to have an opportunity of revisiting the library, and several reminisced about the hours they had spent there in their student days. A few described how they had used the old Marshall Library in Downing Street. The Faculty received many positive comments on the Library and several alumni wrote to the Faculty after the event with tangible support for the library.

The Library received donations of books and journals from Cambridge University Press, Taylor and Francis, Edward Elgar and also a number of generous individuals and bodies, including the grant-making trust Education Services which continued to provide support to the Finance graduate teaching programme.

Teaching

Undergraduate

There were 172 candidates for Part I in June 2003, 176 for Part IIA and 158 for Part II. In Part I, 16% of the candidates achieved Firsts, and 42% II.1s; in Part IIA 11% of the candidates achieved Firsts, and 39% II.1s; in Part II, 24% achieved Firsts and 63% II.1s.

Undergraduate Student Awards/Prizes 2002-2003

PricewaterhouseCoopers Prize in Economics
(joint prize)

Ms S P L Ko
Trinity College
Ms V Vaiteviciute
Christ's College

Adam Smith Tripos Prize (joint prize)

Mr S J Stehn
Trinity Hall College
Ms K Curry
Sidney Sussex College

Adam Smith Dissertation Prize

Mr Z Chua
Corpus Christi College

H A Turner Prize in Labour Studies

Mr N Dutt
Fitzwilliam College

Graduate Taught Courses

The number of students entering the MPhil programme increased in September 2002 compared with a year earlier, with 60 students taking examinations. Eight students obtained distinctions in the MPhil (14% compared with 11% the previous year) and the number reaching the continuation grade to PhD was similar to last year (about 30%). One student failed the degree and one student withdrew after failure in the examination components. The reform of the marking scale and the criteria for passing the examinations had a major impact on reducing the number of oral examinations required. Only one oral examination was held compared with ten the previous year. The Degree Committee has continued to press the case with the Board

of Graduate Studies to introduce a re-sit examination as an alternative to the use of the oral examination. Applications for the MPhil have been rising steadily since 2000 with over 650 candidates for 2002-2003 - almost the same as the previous peak in 1999. Feedback from the MPhil students was generally positive, with the subjects well organised and taught.

Entry to the Diploma was also considerably up on the previous year. The course began with 26 students, although some transferred to other courses including the MPhil in Economics. Examination performance continued to be of high standard with three students obtaining distinctions and nine reaching continuation standard to the MPhil. There were five students who stayed a second year to do the MPhil degree. The Diploma is a good source of recruitment to the MPhil degree and students who have done the Diploma generally also do well in the MPhil.

The Faculty's graduate students cover a wide range of nationalities with many from Commonwealth countries. Last year, UK and other EU students made up the largest group of MPhil students. Since the inception of the Gates Cambridge Trust, the Faculty has benefited from an increase in students from North America.

With the devolution of university funding (the RAM) to the Schools level being introduced within a year or two, the Faculty will review the implications of its current scale of graduate numbers and the potential for a financially viable expanded programme.

Research

Applications for the PhD were up on the previous year and the number of offers to direct entry and continuing students, at 34, was unchanged over the two years. The major difference was that 17 students started the PhD in October 2002, whereas only 8 started in October 2003. This is an area where additional studentships can make a substantial difference to the Faculty's PhD programme. There were 11 students who were approved for the PhD in the year up to October 2003.

The EDGE Jamboree was held this year in Marseilles and 7 of our graduate students attended. This is the final year of the Framework 5 Marie Curie Fellowship scheme funded by the European Commission, and the Faculty is host to four visiting research students.

The Tudor Scholarship is the latest benefaction to support PhD research. The funds have been donated by the Tudor Corporation to support research in financial econometrics. It supplements the Montague Burton studentships which this year provided partial support to three research students.

Graduate Student Awards/Prizes 2002-2003

Prizes for best performance in the MPhil were awarded as follows:

<i>Stevenson Fund</i>	Mr Jonathan Shaw Mr Alexandre Plekhanov Ms Li Shan Shi Mr Hakon Tretvoll
-----------------------	---

Prizes for best performance in the Diploma were awarded as follows:

<i>Stevenson Fund</i>	Mr O Williams
<i>Richard Kahn Fund</i>	Miss Amy Bates Mr Dan Choate
<i>Richard Kahn Research Studentship</i>	Mr Hai Nguyen Van
<i>Wrenbury Scholarships</i>	Mr Adam Pepelasis Mr Constantinos Repapis
<i>Rothschild Bursaries</i>	Mr Richard Corns Ms Rachel Hayward Mr Kevin Sheedy
<i>Montague Burton Studentships</i>	Mr Samer Frangie Mr Dennis Novy Ms Rozana Salih
<i>External Competition Awards</i>	
<i>ORS Awards</i>	Mr Salman Ahmed Mr Alexandre Plekhanov Ms Li Shan Shi
<i>ESRC Research Studentships</i>	Mr Hugh Costello Mr Simon Hayden
<i>Gates Cambridge Scholarships</i>	Mr Salman Ahmed Mr Alexandre Plekhanov Ms Li Shan Shi

PhD Degrees awarded in the academic year 2002-2003

Approved for Award

1. **Ms. G. Mugadza**
Title: 'Technological Capabilities and Industrial Development in Zimbabwe during the Period of Structural Adjustment, 1990-1999'
(Supervisor: Dr. H-J. Chang) 16.5.03
2. **Mr. M. Biggs**
Title: 'Credit Markets and International Capital'
(Supervisor Dr. J. Dutta) 14.11.02
3. **Miss I. Dolinskaya**
Title: 'Essays on Russian Transition'
(Supervisor: Professor W. Buiter) 11.02.03
4. **Miss M. Hudson**
Title: 'Disabled People and Labour Market Disadvantage'
(Supervisor: Professor W. Brown) 15.7.03
5. **Miss I. Robeyns**
Title: 'Gender Inequality: A Capability Perspective'
(Supervisor: Professor A. Sen) 26.11.02
6. **Mr. L. de Boisdeffre**
Title: 'General Equilibrium Theory of Incomplete Financial Markets with Asymmetric Information: The "Frame of Reference" Perspective'
(Supervisor: Professor J. Mirrlees) 29.4.03
7. **Mr. T. Darsinos**
Title: 'The Distribution of Options Prices with Applications to Corporate Contingent Claims'
(Supervisor: Dr. S. Satchell) 27.03.03
8. **Mr. M. Pitsilllis**
Title: 'Econometric Analysis of National and International Risk Premia'
(Supervisor: Dr. S. Satchell) 6.6.03
9. **Mr. A. Sancetta**
Title: 'Approximation Methods in Financial Econometrics'
(Supervisor: Dr. S. Satchell) 6.6.03
10. **Ms. S. Fennell**
Title: 'An Analysis of Agricultural Production at the level of household, Community and Region: Long-term Trends in India and China'
(Supervisor: Professor P. Nolan) 27.5.03
11. **Mr. M. Ruhs**
Title: 'The Economics and Ethics of Labour Immigration Policy;
(Supervisor: Dr. H-J. Chang) 14.8.03

Academic Staff – Awards and Recognition

Honours and Prizes

- ✧ Visiting Lecturer at the EARER, European Summer School in Resource and Environmental Economics, Dr T Ait.
- ✧ Awarded CBE in Queen's Birthday Honours for 'services to employment relations' (2002), Professor W Brown
- ✧ Myrdal Prize 2003 for the best book awarded by the European Association for Evolutionary Political Economy (EAEPE) on behalf of the Gunnar Myrdal Foundation, for my book *Kicking Away the Ladder - Development Strategy in Historical Perspective*, Dr H-J Chang.
- ✧ Knight Bachelor in Queen's Birthday Honours (2002), Professor Sir Partha Dasgupta.
- ✧ 2002 Volvo Environment Prize, (joint with Professor Karl-Goran Maler), Royal Swedish Academy of Sciences, Professor Sir Partha Dasgupta.
- ✧ Fellow, Third World Academy of Sciences, Professor Sir Partha Dasgupta.
- ✧ Research Fellow of CESifo, University of Munich, Dr J S S Edwards
- ✧ ESRC New Scholar in International Macroeconomics, Centre for Economic Policy Research, Dr P Geraats.
- ✧ Visiting Scholar at Sveriges Riksbank, Stockholm, Dr P Geraats.
- ✧ Visiting Scholar at Norges Bank, Oslo, Dr P Geraats.
- ✧ Visiting Scholar Research Division, Federal Reserve Bank of St Louis, St Louis MO, Dr P Geraats.
- ✧ Visiting Scholar Research Department, International Monetary Fund, Washington DC, Dr P Geraats.
- ✧ British Academy Research Professorship 2000-2003, Professor C Harris.
- ✧ British Academy Postdoctoral Fellowship 2000-2003, Dr S Iyer.
- ✧ Adjunct Professorship, University of Galway, Ireland, Dr T Lawson.
- ✧ 2002 Clarence Ayres Fellow. Delivered the 2002 Clarence Ayres Lecture at the ASSA Meetings in Atlanta, USA, Dr T Lawson.
- ✧ Faculty Research Fellow at the National Bureau of Economic Research (NBER), Dr C Meissner.
- ✧ Foreign Associate, US National Academy of Sciences, Professor Sir James Mirrlees.
- ✧ Honorary Doctorate from the University of Liege, Professor Sir James Mirrlees.
- ✧ 'Distinguished Professor-at-Large, Chinese University of Hong Kong, 2003-', Professor Sir James Mirrlees.
- ✧ Fellow of the Centre for Economic Policy Research (CEPR), Professor D M G Newbery.
- ✧ IAEE 2002 Outstanding Contributions to the Profession Award, presented at the 26th Annual Meeting of the International Association of Energy Economists in Prague, June 2003, Professor D M G Newbery.
- ✧ British Academy Research Readership 2001-3, Dr S Ogilvie.
- ✧ Research Fellow, CES-ifo Research Network, joint initiative of the Centre for Economic Studies at the Ludwig-Maximilians-Universität Munich and the IFO Institute for Economic Research in Munich, Germany, Dr S Ogilvie.
- ✧ Visiting Scholar, Globalisation and Development Strategies Division, UNCTAD and In-focus Programme of Socio Economic Security, ILO, Geneva, Dr G Palma.
- ✧ Visiting Lecturer, United Nations Economic Commission for Latin America and the Caribbean, University of Barcelona, University of Sydney, University of Beijing, Central Banks of Malaysia and of the Dominican Republic and British Institute of Psychoanalysis, Dr G Palma.
- ✧ Invitation by the Faculty of Economics of Sydney University to launch *International Journal of Development Issues*, Dr G Palma.
- ✧ Task Force Member, *Capital Markets Liberalization Task Force*, initiative for Policy Dialogue (Chair, Professor Joseph Stiglitz), Columbia University, Dr G Palma.
- ✧ Research Fellow, CESifo (Center for Economic Studies and ifo Institute for Economic Research), Research Network, Munich, Professor M H Pesaran.
- ✧ Research Fellow, Institute for the Study of Labor (IZA), Bonn, Professor M H Pesaran.
- ✧ Keynote Speaker at the International Conference on Policy Modelling, Istanbul, July 2003, Professor M H Pesaran.
- ✧ Joint Statistical Meeting, JBES Invited paper, San Francisco, August 2003, Professor M H Pesaran.
- ✧ Appointment - Doshisha University, Kyoto: Omon Fellow, Institute for Technology, Enterprise and Competitiveness, 2003-04, Dr Paul Ryan.
- ✧ Honorary Visiting Professor, CASS Business School, London, Dr S Satchell.
- ✧ Visiting Professor, Birbeck College, University of London, Dr S Satchell.
- ✧ Visiting Professor, University of Technology, Sydney, Australia, Dr S Satchell.
- ✧ Entry in *Who's Who in Science and Engineering*, Dr S Satchell.
- ✧ Fellow, Cambridge-MIT Institute, Professor A Singh.
- ✧ Honorary Special Advisor to the Chairman of the Board of the South Centre, Professor A Singh.
- ✧ Invited speaker at the 2003 Annual Meetings of the American Economic Association in Washington, Professor A Singh.
- ✧ Invited speaker at the International Industrial Organisation Conference in Boston, April 2003, Professor A Singh.
- ✧ Presented paper on multilateral competition policy in the Inter-Governmental Meeting of Experts held by UNCTAD in Geneva, June 2003, Professor A Singh.
- ✧ Invited speaker at the joint Brookings/World Bank/IMF Conference on the Future of Domestic Capital Markets in Washington DC, April 2003, Professor A Singh.
- ✧ Organiser of a workshop on *Methods for Stated and Revealed Preference Data*, held at the Institute for Fiscal Studies, May 2003, Dr M Weeks.

Public Service

- ✧ Member Low Pay Commission, Professor W A Brown
- ✧ Member Council of the Advisory, Conciliation and Arbitration Service, Professor W A Brown
- ✧ Independent Member, DTI Advisory Panel for Public Appointments, Professor W A Brown.
- ✧ Independent Chair, National Fire Brigades Disputes Committee, Professor W A Brown

- ✧ Chair of the Advisory Board of the Trades Union Congress's Partnership Institute, Professor W Brown.
- ✧ Member, Advisory Committee on the Environment, International Council of Scientific Unions, 1996- , Professor Sir Partha Dasgupta
- ✧ Member, Academic Advisory Board, Institute for Advanced Study, Budapest, Professor Sir Partha Dasgupta
- ✧ Member, External Advisory Council, World Bank Institute, World Bank, Washington, D.C., Professor Sir Partha Dasgupta
- ✧ Member, Advisory Board, South Asian Network for Development and Environmental Economics, Kathmandu, Professor Sir Partha Dasgupta
- ✧ Member, Advisory Board, the 21st Century Initiative on Global and Complex Systems, McDonnell Foundation, St Louis, Professor Sir Partha Dasgupta
- ✧ Member, Advisory Board, Research Accounting Network for Eastern and Southern Africa, Pretoria, Professor Sir Partha Dasgupta
- ✧ Co-Director, Teaching and Research Programme in Environmental and Development Economics for Universities in Africa, South Asia, and Latin America, Beijer International Institute of Ecological Economics, Stockholm, Professor Sir Partha Dasgupta
- ✧ Member, Advisory Board, Columbia Earth Institute, Columbia University, New York 2002, Professor Sir Partha Dasgupta.
- ✧ Member, Millennium Advisory Board, United Nations, 2002, Professor Sir Partha Dasgupta.
- ✧ Director and Deputy Chairman of the Board, Securities and Futures Authority, Dr J Eatwell
- ✧ Member, Parliamentary Joint Committee on the Financial Services and Markets Bill, Dr J Eatwell
- ✧ Editorial Board, Journal of the European Economic Association, Professor C J Harris.
- ✧ Editor of Routledge Series: Economics as Social Theory, Dr T Lawson.
- ✧ Editorial Board Member of the Routledge series: Critical Realism; Interventions and Routledge Studies in Critical Realism, Dr T Lawson.
- ✧ Trustee of Centre for Critical Realism, Dr T Lawson.
- ✧ Council Member, International Association for Critical Realism, Dr T Lawson.
- ✧ Member of the Board of Executives of the International Network for Economic Methodology, Dr T Lawson.
- ✧ Member, Academic Panel of the Accounting Standards Board, Dr G Meeks.
- ✧ Member of DETR Environmental Economics Academic Panel, Professor D M G Newbery
- ✧ Economic Advisor to Ofgem, Professor D M G Newbery
- ✧ Chairman, Dutch Electricity Market Surveillance Committee, Professor D M G Newbery.
- ✧ Member of the Academic Board, Collegium Carolinum (Institute for Research into the Czech Lands), Munich, Germany, Dr S Ogilvie.
- ✧ Member, Board of Trustees of the British Iranian Trust 1997-, Professor M H Pesaran
- ✧ Member, Advisory Board of the Financial Econometrics Research Centre, City University Business School, London 2001- , Professor M H Pesaran.
- ✧ Jury Member for Lawrence Klein Prize for young Polish econometricians, Professor M H Pesaran.

- ✧ External Member of the Council of the Doctoral School in Economic and Management Sciences, University of Aix-Marseille, Dr P Ryan.
- ✧ Member of the Research Council for the Swedish Competition Authority by the Swedish Government from July 2003, Dr S Sallstrom-Matthews.
- ✧ Member, EMDB Advisory Panel (Standard and Poors Emerging Market Indices), Dr S Satchell.
- ✧ Member of the Advisory Board of the Financial Econometrics Research Centre, CASS Business School, London, Dr S Satchell.
- ✧ Editor of Derivatives, Use, Trading and Regulation, Dr S Satchell.
- ✧ Series Editor Quantitative Finance, Dr S Satchell.
- ✧ Editor, Journal of Asset Management, Dr S Satchell.
- ✧ Chair, Annual PhD Finance Conference, ISMA Centre, Reading University.
- ✧ Member, Steering Committee of the Centre for International Business and Management (CIBAM), Judge Institute of Management Studies, Professor A Singh.
- ✧ Advisor, Department of Trade and Industry (Radio Communications Agency, Dr M Weeks.
- ✧ Assistant Editor and Book Review Editor, Journal of Applied Econometrics, Dr M Weeks.

Academic Staff 2002/03 - Publications and Research Interests

Dr Toke Aidt

Political economics with applications to, among other things, environmental policy making; inter-temporal economic policy and policy myopia.

- Aidt, T and Tzannatos Z (2002), "Unions and Collective Bargaining: Economic Effects in a Global Environment", Washington DC: *The World Bank*.
- Aidt, T (2002), "Strategic Political Participation and Redistribution", in *Economics and Politics* 14, pp.19-40.
- Aidt, T and Greiner S (2002), "Sharing the Climate Policy Burden in the EU, *HWWA Discussion Paper* 176.
- Aidt, T and Sena V (2002), "Unions: Rent Extractors or Creators?", *Department of Applied Economics Working Paper* 0236.
- Aidt, T (2002), "Redistribution and Deadweight Cost: The Role of Political Competition", *European Journal of Political Economy* (forthcoming).
- Aidt, T (2003), "Economic Analysis of Corruption: A Survey. *Economic Journal*, (forthcoming).
- Aidt, T and Dutta J (2003), "Transitional Politics: Emerging Incentive-based Instruments in Environmental regulation", *Journal of Environmental Economics and Management*, (forthcoming).
- Aidt, T (2003), "Redistribution and Deadweight Costs: The Role of Political Competition", *European Journal of Political Economy* 19(2), 205-226.
- Aidt, T, Berry A and Low H (2003), "Public Pensions", *Cambridge Essays in Economics* (forthcoming).
- Aidt, T and Magris F (2003), "Capital Taxation and Electoral Accountability", *Cambridge Working Papers in Economics, Public Economics* 0318.
- Aidt, T, Dutta J and Loukoianova E (2003), "Policy Myopia", *Cambridge Working Papers in Economics, Public Economics*.

Ms Cecile Aubert

Theory of incentives, regulation and competition policy; microeconomics of development, micro-credit and altruism within households; economics of cultural goods.

- Aubert, C and Pouyet J (2002), "Competition Policy, Regulation and the Institutional Design of Industry Supervision", *Louvain Economic Review*.

Professor W A Brown CBE

Collective bargaining; payment systems; minimum wages; impact of legislative change; trade union recognition; employment contracts; arbitration.

- Brown, W A and Oxenbridge S (2002), "The Two Faces of Partnership? An Assessment of Partnership and Co-operative Employer/Trade Union Relationships", *Employee Relations*, 24:3, 262-276.
- Brown, W A (2002), "The Operation of the Low Pay Commission", *Employee Relations*, 24:6, December, 595-605.
- Brown, W A, Oxenbridge S, Deakin S and Pratten C (2003), "Initial Responses to the Employment Relations Act 1999", *British Journal of Industrial Relations*, 41:2
- Brown, W A, Marginson P and Walsh J (2003), "The Management of Pay as the Influence of Collective Bargaining Diminishes", in P K Edwards (ed.), *Industrial Relations: Theory and Practice in Britain*, second edition, Oxford: Blackwell, 189-213
- Brown, W A (2003), "Rethinking Trade Union Recognition in Britain", *Labour Relations Commission Review*, Issue 2, pp11 – 13.
- Brown, W A and Oxenbridge S (2003), "Developing Partnership Relationships: A Case of Leveraging Power", in Stuart, M and Martinez Lucio (eds), *M. Partnership and Modernisation in Employment Relations*, Routledge Employment Relations Series (forthcoming).
- Brown, W A (2003), "Industrial Relations and the Economy 1939 - 1999", in Floud R and Johnson P (eds), *The Economic History of Britain, Volume 3, 1939 – 99*, (third edition), Cambridge: CUP (forthcoming).
- Brown, W A and Ryan P (2003), "The Irrelevance of Trade Union Recognition? A comparison of two matched companies", *Australian Journal of Labour Economics* (forthcoming).
- Brown, W A, Oxenbridge S and Deakin S (2004), "Trade Union Responses to the Employment Relations Act 1999", in Heery E, Brown W, Healy G and Taylor P (eds.) *The Future of Worker Representation*, London: Palgrave (forthcoming).
- Brown, W A and Oxenbridge S (2004), "Law and the Future of Collectivism", in Barnard C, Deakin S and Morris G, *The Renewal of Labour Law: Essays in Honour of Bob Hepple*, London: Hart.

Dr. H-J Chang

The role of the state in economic change; industrial, trade, and technology policies; privatisation and regulation; theories of institutions and morality; history of institutional development; the East Asian economies; the WTO and the world trading system

- Chang, H-J (2002), "The Rebel Within: Joseph Stiglitz, the World Bank, and the Nobel Prize", *Challenge*, 2002, March-April, Vol. 45, No. 2.
- Chang, H-J and Yoo C (2002), "Triumph of the Rentiers? – The 1997 Korean Crisis in Historical Perspective" Eatwell J and Taylor L (eds.), *International Capital Markets – Systems in Transition*, Oxford University Press.

- Chang, H-J and Cheema A (2002), "Conditions for Effective Technology Policy in Developing Countries – Learning Rents, State Structures, and Institutions", *Journal of Economic Innovation and New Technology*, Vol. 11, Nos. 4/5.
- Chang, H-J (2002), *Kicking Away the Ladder – Development Strategy in Historical Perspective*, Anthem Press (Turkish translation to be published by İletişim Publishing, Istanbul, Turkey, Portuguese translation to be published by Editoria UNESP, São Paulo, Brazil, Korean translation to be published by Bookie, Seoul, Korea, all in 2003).
- Chang, H-J (2002), "East Asian Model of Economic Policy" in Huber E (ed.), *Models of Capitalism and Latin American Development*, The Pennsylvania State University Press.
- Chang, H-J (2002), "State, Capital, and Investments in Korea" in Campos E (ed.), *Corruption: The Boom and Bust of East Asia*, Ateneo de Manila University Press.
- Chang, H-J (2002), "Trade, Industrial and Technology Policies in Northeast Asia" in Niskanen M and Aryeetey E (eds.), *Comparative Development Experiences of Sub-Saharan Africa and East Asia*, Ashgate.
- Chang, H-J (2002), "Breaking the Mould – An Institutionalist Political Economy Alternative to the Neo-Liberal Theory of the Market and the State", *Cambridge Journal of Economics*, Vol. 26, No. 5 (translated into Portuguese and reprinted in G. Arbix et al. [eds.], *Brasil, México, África do Sul, Índia e China: diálogo entre os que chegaram depois*, Editoria UNESP and EDUSP, São Paulo, 2002).
- Chang, H-J (2002), "Kicking Away the Ladder – An Unofficial History of Capitalism, especially in Britain and the USA", *Challenge*, September-October, Vol. 45, No. 5.
- Chang, H-J and Shin J-S (2002), "Evaluating the Post-Crisis Corporate Restructuring in Korea", *Seoul Journal of Economics*, Vol. 15, No. 2.
- Chang, H-J (2003), "Kicking Away the Ladder: Neoliberals Rewrite History", *Monthly Review*, January, Vol. 54, No. 8.
- Chang, H-J and Shin J-S (2003), *Restructuring Korea Inc.*, RoutledgeCurzon.
- Chang, H-J (2003), "La bonne gouvernance à l'épreuve de l'histoire", *L'Economie Politique*, No. 17.
- Chang, H-J (2003), *Globalization, Economic Development and The Role of the State*, Zed Press.
- Chang, H-J and Green D (2003), *The Northern WTO Agenda on Investment – Do as We Say, Not as We Did*, South Centre and CAFOD (Catholic Agency for Overseas Development).
- Chang, H-J (2003), "Kicking Away the Ladder – Infant Industry Promotion in Historical Perspective", *Oxford Development Studies*, vol. 31, no. 1.
- Chang, H-J (ed.) (2003), *Rethinking Development Economics*, Anthem Press.
- Chang, H-J (2003), "Rethinking Development Economics: An Introduction" in Chang H-J (ed.), *Rethinking Development Economics*, Anthem Press.
- Chang, H-J (2003), "The Market, the State, and Institutions in Economic Development" in Chang H-J (ed.), *Rethinking Development Economics*, Anthem Press.
- Chang, H-J (2003), "The East Asian Development Experience" in Chang H-J (ed.), *Rethinking Development Economics*, Anthem Press.
- Chang, H-J (2003), "Trade and Industrial Policy Issues" in Chang H-J (ed.), *Rethinking Development Economics*, Anthem Press.

- Chang, H-J (2003), "Institutional Development in Historical Perspective" in Chang H-J (ed.), *Rethinking Development Economics*, Anthem Press.

Mr K J Coutts

Open-economy models of debt dynamics; visible and invisible earnings in the balance of payments; macroeconomic policy; inflation; forecasting.

- Coutts K and Norman N, (2002), "Global Influences on UK Manufacturing Prices: 1970-2000", Faculty of Economics and Politics, Revised Paper.
- Coutts, K and Rowthorn R E (2002), "Growth and the Balance of Payments: The Role of Manufacturing", paper for the *Cambridge-MIT (CMI) Conference*, Manufacturing Matters, New Hall, Cambridge.
- Coutts, K (2002), "Halving the World's Working Poor in Ten Years: The Implications for Investment". Report prepared for World and Regional Employment Prospects, *International Labour Organisation*, Geneva.
- Coutts, K and Rowthorn R E (2003), "Some Implications of Britain's Entry into the Euro". Submission to the Treasury Committee of the House of Commons.

Professor Sir Partha Dasgupta FBA

Economics of poverty and nutrition; environmental economics; economic measurement; economics of knowledge.

- Dasgupta, P (2002), "Project Appraisal and Foreign Exchange Constraints", *Economic Journal* 1981, 91(1), pp.58-74. Reprinted in Harberger A C and Jenkins G P (eds.), *The International Library of Critical Writings in Economics: Cost-Benefit Analysis*, Edward Elgar (Cheltenham, Glos.).
- Dasgupta, P, Sen A and Starrett D A (2002), "Notes on the Measurement of Inequality", *Journal of Economic Theory*, 6(2), 1973 pp.180-187. Reprinted in Cowell F A (ed), *The International Library of Critical Writings in Economics: The Economics of Poverty and Inequality*, Edward Elgar, (Cheltenham UK).
- Dasgupta, P (2002), "Is Contemporary Economic Development Sustainable?" *Ambio* 31(4), pp.269-271. Reprinted in Johannesburg Summit 2002: Challenges and Partnerships (London: Agenda Publishing), pp.82-86.
- Dasgupta, P (2002), "Taking the Measure of Unsustainability", *Our Planet*.
- Dasgupta, P (2002), "Population and Poverty: Reply", *Population and Development Review*, 27(4) pp.748-754.
- Dasgupta, P (2002), "A Model of Fertility Transition", in Kriström, Dasgupta P and Löfgren K-G (eds.) *Essays in Honour of Karl-Göran Mäler*, Edward Elgar (Cheltenham UK).
- Dasgupta, P (2002), "Modern Economics and its Critics", in Mäki U (ed.), *Fact and Fiction in Economics: Models, Realism and Social Construction*, Cambridge University Press.
- Dasgupta, P (2002), "Political Philosophy: The View from Cambridge", conversation with Skinner Q (Chair), Guess R, Lane M, Laslett P, O'Neill O, Runciman W G and Kuper A (Rapporteur), *Journal of Political Philosophy* 10(1), pp.1-19.

Dr G Doppelhofer

Macroeconomics and economic growth, human capital accumulation, unemployment, effect of institutions on productivity, fiscal and monetary policy; applied econometrics, determinants of long-term growth, model uncertainty, robustness of estimates.

Doppelhofer, G (2002), "Eurosclerosis or Jobless Growth?", *Working Paper*.

Doppelhofer, G, Sala-i-Martin X and Miller R (2003), "Determinants of Economic Growth: A Bayesian Averaging of Classical Estimates (BACE) Approach", *Working Paper*.

Doppelhofer, C, Sala-i-Martin X and Miller R (2003), "Jointness of Determinants of Economic Growth, *Working Paper*.

Doppelhofer, G (2003), "Dynamic Effects of Labour Market Institutions and Shocks on Economic Performance, *Working Paper*.

Dr J L Eatwell

European integration and problems of unemployment; disguised unemployment, the definitions of competition and equilibrium in intertemporal general equilibrium models.

Eatwell, J (2002) "International Capital Markets", Taylor L. (ed.), Oxford University Press, New York.

Eatwell, J (2002), "Basel II: the regulators strike back", *The Observer*, 9th June.

Eatwell, J (2002), "An attack on radio: proposals in the Communications Bill will subject local broadcasters to anti-competitive regulation", *Financial Times*, 20 August.

Eatwell, J (2002), "The New International Financial Order: Promise or Threat?", *The Cambridge MIT Institute Distinguished Lecture*, 22 May.

Dr J S S Edwards

Applied microeconomics in a wide range of topics which involve the application of microeconomic analysis. Currently working on 1) Public economics, with particular reference to taxation and international trade, and the taxation of firms; 2) Corporate finance and corporate governance, with particular reference to the role of large shareholders and financial intermediaries in corporate governance.

Edwards, J S S and Ogilvie S C (2002), "Educational Objectives in Advanced Countries: Some Economic Considerations", in Smith B (ed.), *Liberal Education in a Knowledge Society*.

Edwards, J S S and Schöb R (2002), "Distortionary Domestic Taxation and Pareto-Efficient International Taxation", *CESifo Working Paper* 635.

Edwards, J S S (2003), "Comments on Bridging the Tax-Expenditure Gap: Green Taxes and the Marginal Cost of Funds", in S. Cnossen and H-W. Sinn (eds.), *Public Finance and Public Policy in the New Century*, (MIT Press, Cambridge, Mass.)

Edwards, J S S (2003), "Gains from Trade in Tax Revenue and the Efficiency Case for Trade Taxes", *CESifo Working Paper* 897.

Edwards, J S S, Kirkden, R D and Broom D M (2003), "A Theoretical Comparison of the Consumer Surplus and the Elasticities of Demand as Measures of Motivational Strength", *Animal Behaviour*, 65, 157-178.

Mr R A Evans

Game theory; bargaining theory; evolution and learning in economic theory, industrial organisation and contract theory.

Evans, R E and Chatterjee K (2003), "A One-period Version of Rubinstein's Bargaining Game", *Contributions to Theoretical Economics*, Vol.3, No.1 "Rivals Search for Buried Treasure: Competition and Duplication in R&D", *Rand Journal of Economics* (forthcoming).

Dr Rupert Gatti

Search theory; game theory; pricing and competition on the Internet.

Gatti, J R J, Baye M R, Kattuman P and Morgan J (2002) "Online Pricing and the Euro Changeover: Cross-Country Comparisons" *Judge Institute of Management Studies Working Paper* 17/02.

Gatti, J R J and Kattuman P (2003), "Online Price Dispersion Within and Between Seven European Countries", CWEP 0343, September 2003. Forthcoming in M. R. Baye (ed) *Advances in Applied Microeconomics Volume 12: Organising the New Industrial Economy*.

Gatti J R J, Groom B and Swanson T (2003), "The Biodiversity Bargaining Problem" mimeo.

Dr Petra Geraats

International finance, macroeconomics and behavioral economics, with a special interest in central bank transparency.

Geraats, P (2002), "Central Bank Transparency", *Economic Journal* (forthcoming).

Geraats, P and Eijffinger S (2002), "How Transparent are Central Banks?", *CEPR Discussion Paper* 3188.

Geraats, P (2002), "Modeling Stochastic Relative Preferences: Pitfalls and Solution", mimeo, September.

Dr C Hara

Microeconomics; general equilibrium theory; financial economics; asymmetric information; security design.

- Hara, C (2002), "Efficiency, Equilibrium and Core of an Exchange Economy with Bads and Infinitely Many Consumers".
- Hara, C and Yamazaki A (2002), "Existence of Equilibria in a Continuum Economy with Bads: An Excess Demand Approach", manuscript, University of Cambridge.
- Hara, C (2002), "The Anonymous Core of an Exchange Economy", *Journal of Mathematical Economics*, Vol.38, pp.91-116.
- Hara, C and Kuzmics C (2002), "Representative Consumer's Risk Aversion and Efficient Risk-sharing Rules", manuscript. *Institute of Economic Research, Hitotsubashi University*.
- Hara, C (2003), "Unlinked Allocations in an Exchange Economy with One Good and One Bad", *Kokyuroku (Workshop Proceeding)* No.1337, pp.70-80. Research Institute for Mathematical Sciences, Kyoto University, Kyoto, Japan.
- Hara, C (2003), "Theory of Corporate Debt Issues under Asymmetric Information: Informativeness of Security Prices of Linear Rational Expectations Prices in Incomplete Markets", *Yucho-shikin-kenkyu (Postal Saving Research)*, Vol.12, pp.1-31 (in Japanese).
- Hara, C (2003), "Existence of Equilibria and Core Convergence in Economies with Bads", manuscript, *Institute of Economic Research, Hitotsubashi University, Tokyo, Japan*.

Professor C J Harris

Dynamic games; dynamic contracts.

Professor A C Harvey FBA

Time series and econometrics. Specific topics include structural time series models, multivariate time series models, signal extraction, regional and spatial models.

- Harvey, A C (2002), "Trends, Cycles and Convergence". *Proceedings of Fifth Annual Conference of Bank of Chile*, edited by Loayza N and Soto R, pp221-250.
- Harvey, A C and Bernstein J (2003), "Measurement and Testing of Inequality from Time Series of Deciles with an Application to US Wages", *Review of Economics and Statistics* 85, pp141-52.
- Harvey, A C and Koopman S J (2003), "Computing Observation Weights for Signal Extraction and Filtering", *Journal of Economic Dynamics and Control* 27 pp1317-33.

Harvey, A C (2003), "Further Comments on Stationarity Tests in Series with Structural Breaks at Unknown Points", *Journal of Time Series Analysis* 24, pp137-40.

Harvey, A C and Trimbur T (2003), "General Model-based Filters for Extracting Trends and Cycles in Economic Time Series", *Review of Economics and Statistics* 85, pp244-55.

Harvey, A C and Buseti F (2003), "Seasonality Tests", *Journal of Business and Economic Statistics* 21, pp420-36.

Dr S Horrell

Economic history: British Industrial Revolution and late Victorian eras, particularly household labour supply and poverty; Labour economics: particularly issues relating to women's pay and employment; Development economics: household labour supply in Africa.

Horrell, S and Begg I (2002), "UK Banking and other Financial Services and the Euro", *The Euro and Britain* (ed.) El-Agraa, A, Prentice Hall, pp. 277-303.

Horrell, S (2003), "The Wonderful Usefulness of History", *Economic Journal*, Vol.113, No.485, February pp.F180-186.

Dr S Iyer

Economic demography, economics of religion, education, social interactions and inter-group effects.

Iyer, S (2002), "*Demography and Religion in India*". Oxford University Press.

Iyer, S (2002), "Religion and the Decision to use Contraception in India", *Journal for the Scientific Study of Religion*, 41:4, 711-722.

Iyer, S and Borooah V (2002), "Vidya, Veda and Varna: The Influence of Religion and Caste on Education in Rural India", *International Centre for Economic Research Working Paper* 32/02.

Iyer, S (2002), "Understanding Religion and the Economics of Fertility in India", *Occasional Paper 2, Centre of South Asian Studies Occasional Paper Series*.

Iyer, S (2003), "Faith, Fertility and the Field Economist", *The British Academy Review*, Number 7, January-June.

Iyer, S (2003), "Religion, Reproduction and Development in Contemporary India", *Development* 46, 4 December.

Iyer, S (2003), "Gender, Religion and the Age of Marriage in India", in Vasulu T S, Bharati P, Ghosh B and Pal M (eds), *Gender Differentials: A Multidimensional Approach* (forthcoming).

Iyer, S and Monteiro M (2003), "The Risk of Child and Adolescent Mortality Among Vulnerable Populations in Rio de Janeiro, Brazil", *Journal of Biosocial Science* (forthcoming).

Dr P Krishnan

Development economics: labour markets, household economics, intra-household allocation, risk sharing, informal insurance.

Krishnan, P and Dercon S (2003), "Risk Sharing and Public Transfers", *Economic Journal* 113 (486):C86-94.

Dr T Lawson

Realist social theory; feminist epistemology; theoretical and applied economics; philosophy of science; economic methodology; ethics.

Lawson, T (2002), "Should Economics Be an Evolutionary Science? Veblen's Concern and Philosophical Legacy", The 2002 Clarence Aryes Memorial Lecture, *Journal of Economic Issues*, vol. XXXVI, No. 2, pp. 279-91

Lawson, T (2003), "Reorienting Economics", London and New York: Routledge (publication date in the UK: February 17).

Lawson, T (2003), "Institutionalism: On the Need to Firm up Notions of Social Structure and the Human Subject", *Journal of Economic Issues*, Vol. XXXVII, No. 1, pp. 175-201.

Lawson, T (2003), "Ontology and Feminist Theorising", *Feminist Economics*, (9):1, March, pp. 119 - 150.

Lawson, T (2003), "Theorising Ontology", *Feminist Economics*, (9):1, March, pp. 161- 169.

Lawson, T (2003), "Keynes's Realist Orientation" in Jochen Runde and S. Mizuhara (eds.), *Perspectives on the Philosophical Underpinnings of Keynes's Economics: Probability, Uncertainty and Convention*, London and New York: Routledge.

Lawson, T (2002), "Ontology and Feminist Theorising", *Feminist Economics*, Vol.8.3.

Lawson, T (2002), "Should Economics be an Evolutionary Science? Veblen's Concern and Philosophical Legacy", The 2002 Clarence Aryes Memorial Lecture, *Journal of Economic Issues*, Vol. XXXVI, No.2, pp.279-291.

Lawson, T (2002), "The Varying Fortunes of the Project of Mathematising Economics: An Evolutionary Explanation", *European Journal of Economic and Social Systems*.

Lawson, T (2003), "Philosophical Under-labouring in the Context of Modern Economics: aiming at truth and usefulness in the meanest of ways", in John Davis, Alain Marciano and Jochen Runde (eds.) *The Elgar Companion of Economics and Philosophy*. Aldershot: Edward Elgar.

Lawson, T (2003), "Social Explanation and Popper", in Tom Boylan and Paschal O'Gorman (eds.), *Popper and Economic Methodology: Contemporary Challenges*, London and New York: Routledge (forthcoming).

Lawson, T (2003), "A Perspective on Modern Economics", in George Steinmetz (ed.) *The Politics of Method in the Human Sciences*, Duke University Press.

Dr H Low

Life-cycle behaviour under uncertainty, optimal income taxation under uncertainty, computational methods.

Low, H (2002), "Self-insurance in a Life-cycle Model of Labour Supply and Savings", mimeo.

Low, H, Meghir C and Pistaferri L (2002), "Wage Risk, Employment Risk and Precautionary Saving", mimeo.

Low, H and Attanasio O (2003), "Estimating Euler Equations", *Review of Economic Dynamics* (forthcoming).

Low, H and Maldood D (2003), "Optimal taxation, prudence and risk sharing", *Journal of Public Economics*.

Low, H, Attanasio O and Sanchez-Marcos V (2003), "Explaining Changes in Female Labour Supply in a Life-Cycle Model", mimeo.

Low, H and Crossley T (2003), "Credit Constraints, the Cost of Saving and Unemployment Insurance", mimeo.

Dr G Meeks

Information asymmetry between managers and shareholders and the use of accounting regulation to mitigate this asymmetry; corporate failure; takeover.

Meeks, G and Meeks, J G (2002), "Towards a Cost-Benefit Analysis of Accounting Regulation", London ICAEW.

Meeks, G and Whittington G (2002), "Death on the Stock Exchange", *Cambridge Discussion Papers in Accounting and Finance*.

Meeks, G (2002), "Self-fulfilling Prophecies of Failure: the endogenous balance sheets of distressed firms", *Cambridge Discussion Papers in Accounting and Finance*.

Dr Chris Meissner

Topics in the history of international finance, origins and effects of exchange rate regimes and currency unions, sovereign debt and financial crises, collective decision making in committees.

Meissner, C and Córdova López Ernesto J (2003), "Exchange Rate Regimes and International Trade: Evidence from the Classical Gold Standard Era, 1870-1913", *American Economic Review*.

Meissner, C (2003), "How 'Original Sin' Was Overcome: The Evolution of External Debt Denominated in Domestic Currencies in the United States and the British Dominions 1800-2000" with Michael Bordo and Angela Redish in *Currency and Maturity Matchmaking: Achieving Redemption from Original Sin*. Barry Eichengreen and Ricardo Hausmann eds (forthcoming).

- Meissner, C (2003), "The Gold Standard" *Oxford Encyclopedia of Economic History* Review of James, Harold, ed. in collaboration with Elisabeth Müller-Luckner, *The Interwar Depression in an International Context* and Parker, Randall E. *Reflections on the Great Depression*, (forthcoming in the *International History Review*).
- Meissner, C (2003), "A New World Order: Explaining the Emergence of the Classical Gold Standard", *NBER Working Paper* 9233.
- Meissner, C (2003), "Committee Structure and the Success of Connected Lending in Nineteenth Century New England Banks", *NBER Working Paper* 979.
- "The End of Bimetallism"

Professor Sir James Mirrlees FBA

Optimal income taxation in "new" cases, e.g. innovation income on the policy implications of imperfect rationality; state insurance of disability and retirement; the theory of credit markets; managerial incentives in China.

Professor David M G Newbery FBA

The effects of restructuring, privatising and regulating the network utilities of electricity, gas and telecoms in the UK, Eastern Europe and elsewhere. The design of network charges and auctions for gas, electricity, rail, roads, and internet. Implications of meeting EU Directives on gas and electricity for central European countries desiring EU accession. The social costs of road traffic (pollution and congestion) and the economics of road pricing. Energy policy in the UK and EU Tax Reform, particularly of energy taxation.

- Newbery, D M (2002), "Problems of Liberalising the Energy Utilities", *European Economic Review*, 46, 919-927.
(available at <http://www.econ.cam.ac.uk/dae/people/newbery/index.htm>)
- Newbery, D M (2002), "Economic Reform in Europe: Integrating and Liberalizing the Market for Services", *Utilities Policy*, 10, 85-97 (*CEPR Discussion Paper* 3183, available at <http://www.cepr.org/pubs/DP3183.asp>).
- Newbery, D M (2003), "Risk, Reform and Privatisation", chapter in R. Kanbur (ed) *Economics for an Imperfect World: Essays in Honor of Joseph Stiglitz*, Cambridge: MIT Press.
- Newbery, D M (2003), "Che cosa può imparare l'Europa dalle privatizzazioni britanniche" (What Europe can learn from British Privatisations) *Economia Pubblica*, XXXIII (2), 63-76.
- Newbery, D M (2003), "Network Capacity Auctions: Promises and Problems", *Utilities Policy*, 11, 27-32.
- Newbery, D M (2003), "Sectoral Dimensions of Sustainable Development: Energy and Transport", *Economic Survey of Europe* 2003 No. 2.

- Newbery, D M (2003), "Regulatory Challenges to European Electricity Liberalisation", *Swedish Economic Policy Review*, 9(2), Fall, 9-44.
- Newbery, D M, Affuso, L and Masson J (2003), "Comparing Investments in New Transport Infrastructure: Roads versus Railways?" *Fiscal Studies*, 24(3).
- Newbery, D M and McDaniel T (2003), "Auctions and Trading in Energy Markets: An Economic Analysis" in CRI Chapter 10, *Regulatory Review 2002/2003*, University of Bath.
- Newbery, D M (2002), "Road User and Congestion Charges" in S. Cnossen (ed.) *Taxes on Pleasure* OUP, (forthcoming).
- Newbery D M and Affuso L (2003), "Case Study: The Provision of Rail Services" chapter forthcoming in *Auctions and Beauty Contests: A Policy Perspective*, ed. M.C.W. Janssen.
- Newbery, D.M. and McDaniel T (2003), "Auctions and Trading In Energy Markets - An Economic Analysis", Ch 10, pp195-234 in *CRI Regulatory Review 2002/2003* P. Vass (ed.) (ISBN 1 85790 1142) Bath: Centre for the Study of Regulated Industries.

Dr S Ogilvie

European economic history, modern economic development, institutional economics, social capital, guilds, population, women's economic position, serfdom, the growth of the state, financial history, German-speaking Central Europe, the Czech lands.

- Ogilvie, S C and Edwards, J S S (2002), "Educational Objectives in Advanced Countries: Some Economic Considerations", in Smith, B. (ed.), *Liberal Education in a Knowledge Society* (Chicago/LaSalle: Open Court), pp. 35-65.
- Ogilvie, S C and Edwards, J S S (2002), "Women and the Second Serfdom: Evidence from Early Modern Bohemia", in Ghosh, B N and Chopra, Parvesh K (eds.), *Gender and Development: Theory, History, Policy and Cases* (Leeds: Wisdom House), pp. 251-291.
- Ogilvie, S C (2002), "Zur ökonomischen Welt der Untertanen in Böhmen. Eine Fallstudie zur Herrschaft Frýdlant", in Cerman, M and Zeitlhofer, H (eds.), *Soziale Strukturen in Böhmen. Ein regionaler Vergleich von Wirtschaft und Gesellschaften in Gutsherrschaften, 16.-19. Jahrhundert* (Vienna/Munich: Oldenbourg), pp. 145-173.
- Ogilvie, S C (2002), "Guilds, Efficiency, and Social Capital: Evidence from German Proto-Industry", *CESifo Working Papers*, 820 (University of Munich, Germany).
- Ogilvie, S C and Overy, R (eds.) (2003), *Germany: A New Social and Economic History*, Vol. 3: *Since 1800* (London: Hodder Arnold).
- Ogilvie, S C (2003), *A Bitter Living: Women, Markets, and Social Capital in Early Modern Germany* (Oxford: Oxford University Press).

Dr J G Palma

The economic development of Latin American and East Asia and their integration within the World Economy; in particular, the study of these economies from the point of view of their economic history, macroeconomics, institutions, international trade and international finance, as well as their politics and sociology. Also the history of ideas in Development Economics and Politics, in particular the Latin American Structuralist School.

- Palma, J G (2002), "The Three Routes to Financial Crises: The Need for Capital Controls", in J Eatwell and L Taylor, *International Capital Markets - Systems in Transition*, Oxford University Press.
- Palma, J G (2002), "The Magical Realism of Brazilian Economics: How to Create a Financial Crisis by Trying to Avoid One", in J Eatwell and L Taylor, *International Capital Markets - Systems in Transition*, Oxford University Press.
- Palma, J G (2002), "The Kuznets Curve Yet Again: What Do Recent Data Tell Us?", *ILO Working Paper*, Geneva.
- Palma, J G (2002), "The Kuznets Curve Revisited: A Neo-Structuralist Approach", *International Journal of Development Issues*, Vol. I, N.1.
- Palma, J G (2002), "Foreign Direct Investment: An Analytical Overview", *ECLAC Working Paper*, Santiago.
- Palma, J G (2002), "The Mexican Economy Since Trade Liberalisation and NAFTA: On the 'De-linking' of a Dynamic Export Expansion and the Collapsing of an Export Multiplier", *UNCTAD Working Paper*.
- Palma, J G (2002), "The Rise of the Nazis: How Could It Have Happened?", *British Psychoanalytical Society*, November 2002.
- Palma, J G (2003), "Trade Liberalisation in Mexico: Its Impact on Growth, Employment and Wages", *ILO Employment Paper N. 55*, Geneva.
- Palma, J G (2003), "National Inequality in the Era of Globalisation: What do Recent Data Tell Us?", in J Michie (ed.), *Handbook of Globalisation*, Edward Elgar.
- Palma, J G (2003), "Latin American during the Second Half of the 20th Century: From the 'age of extremes' to the Age of 'end-of-history' Uniformity", in H-J Chang, *Rethinking Development Economics*, Anthem Press.
- Palma, J G (2003), "The 'Three Routes' to Financial Crises: Chile, Mexico, and Argentina [1]; Brazil [2]; and Korea, Malaysia and Thailand [3]", in H-J Chang, *Rethinking Development Economics*, Anthem Press.
- Palma, J G (2003), "The Mexican, Korean and Brazilian Financial Crises", in M Desai and Y Said, *Financial Crises and Global Governance*, Routledge.
- Palma, J G (2003), "Trying to 'tax and spend' Oneself Out of the *Dutch Disease*". 'The Chilean Economy from the War of the Pacific to the Great Depression', in E Cárdenas, J A Ocampo and R Thorp (eds.) *An Economic History of Latin America, Vol. 1, The Export Age. The Latin American Economies in the Late Nineteenth and Early Twentieth Centuries*, Fondo de Cultura Económica, Mexico.
- Palma, J G (2003), "Chile 1918-1935: From an Export-Led to an Import-Substituting Economy", in E Cárdenas, J A Ocampo and R Thorp (eds.) *An Economic*

History of Latin America, Vol. 2. Latin America in the 1930s, Fondo de Cultura Económica, Mexico.

- Palma, J G (2003), "A Brazilian-style Ponzi", in P Arestis, M Baddeley and J McCombi (eds.), *What Global Economic Crisis ?*, Palgrave.
- Palma, J G (2003), "An Overview of Brazil's Economy", in *Regional Surveys of the World: South America, Central America and the Caribbean*, (twelfth edition), Europa Publications Ltd.
- Palma, J G (2003), "Four Different Sources of De-industrialisation and a New Concept of the *Dutch Disease*", *CEPAL Review* (in both the Spanish and English editions of the journal), and in J A Ocampo (ed.) *New Challenges for Latin American Development*, ECLAC-World Bank.

Professor M Hashem Pesaran FBA

Empirics of growth, econometric analysis of heterogeneous panels, analysis of panel vector autoregressive models (PVAR), nonlinear dynamic models, long run structural modelling, econometric analysis of nonnested models, analysis of exchange rates subject to target zones, recursive modelling and its application to stock markets and government debt, monetary and foreign exchange policy in Iran.

- Pesaran, M H, (2003), "Aggregation of linear dynamic models: An application to life-cycle consumption models under habit formation", *Economic Modelling*, Vol.20, pp. 227-435.
- Pesaran, M H, Garratt A, Lee K and Shin Y (2003), "A Long Run Structural Macroeconometric Model for the UK", *Economic Journal*, Vol.113, pp.412-455.
- Pesaran, M H, Im K Y and Shin Y (2003), "Testing for Unit Roots in Heterogeneous Panels" *Journal of Econometrics*, 115, pp 53-74
- Pesaran M H and Timmermann A, (2003) "How Costly is it to Ignore Breaks when Forecasting the Direction of a Time Series?", *International Journal of Forecasting* (forthcoming).
- Pesaran M H, Schuermann T and Weiner S, (2003), "Modeling Regional Interdependencies using a Global Error-Correcting Macroeconometric Model", *Journal of Business Economics and Statistics* invited paper with discussions (forthcoming).

Dr A W A Peterson

Applied econometrics; macroeconomic modelling; input output analysis; energy economics. New research interests: the economics of the housing market; dynamic models of household income behaviour.

- Peterson, A W A, Holly S and Gaudoin P (2002), "Further Work on an Economic Model of the Demand and Need for Social Housing", *Department for Transport, Local Government and the Regions: London*, Her Majesty's Stationary Office.

Dr D Robertson

Macroeconomics; econometrics; labour economics; human capital; growth and business cycles.

Robertson, D, Blake N and Henry B (2002), "Term Structure Forecasts of Inflation", Manchester School.

Robertson, D and Symons J (2002), "Do Peer Groups Matter?", *Economica*.

Robertson, D and Dessi R (2002), "Debt and Incentives: Evidence from a UK Panel", *Economic Journal*.

Professor R E Rowthorn

Unemployment and inequality; economic growth, economics of the family.

Rowthorn, R E and Dnes A W (eds) (2002), "*The Law and Economics of Marriage & Divorce*", Cambridge University Press.

Rowthorn, R E and Dnes A W (eds) (2002), "Marriage as a Signal" in Rowthorn R and Dnes A (eds.) *The Law and Economics of Marriage and Divorce*, Cambridge, Cambridge University Press, pp.132-156.

Rowthorn, R E, Dex S and Di Tommaso M L (2002), "Partnered Women's Labour Supply Decisions in the Light of Possible Fiscal Reforms", *Working Paper*, Judge Institute of Management.

Rowthorn, R E and Henry Brian (2002), "Unemployment, Wages and Capital: A Joint Analysis", *Working Paper*, Economics Department, Oxford University.

Rowthorn, R E and Glyn A (2002), "Convergence and Stability in US Regional Employment", *Working Paper*, Economics Department, Oxford University.

Rowthorn, R E and Laxminarayan R (2002), "On Setting Global Disease Priorities", *Working Paper*, Resources for the Future, Washington DC.

Rowthorn, R E and Coutts K (2002), "Growth and the Balance of Payments: The Role of Manufacturing", *paper for the CMI Conference, 'Manufacturing Matters'*, New Hall, Cambridge.

Rowthorn, R E (2002), "Numbers and National Identity", *paper for the Conversazione 'People on the Move'*, Melbourne.

Dr P Ryan

Economics of labour markets and institutions, with particular interest in (i) youth employment and training, (ii) apprenticeship, (iii) the content of employment contracts and (iv) the evaluation of vocational education and training.

Ryan, P (2002), "Apprentice strikes in British metalworking, 1919-70: a preliminary overview", *paper presented to Conference on European History of Vocational Education and Training*, University of Florence, October.

Ryan, P (2002), "Arbeitsmarktpolitik und Lehre: die Befunde für Großbritannien", pp. 230-56 of H.G.Zillian and J.Flecker (eds), *Steuerungsebenen der Arbeitsmarktpolitik*. Munich: Rainer Hampp Verlag.

Ryan, P (2003), "Evaluating vocationalism," *European Journal of Education*, June 2003, 38(2), 147-62.

Ryan, P (2003), "The state of the welfare state", *Review of Income and Wealth*, March 2003, 49(1); 135-45.

Ryan, P and Brown, W (2003), "The irrelevance of trade union recognition? A comparison of two matched companies," *Cambridge Working Papers in Economics* 0323, 2003; (forthcoming) *Australian Journal of Labour Economics*.

Dr H Sabourian

Game theory and applications; bounded rationality and complexity; learning and evolution in games and in economics; herding, financial crises and social learning; contract theory.

Sabourian, H (2003), "Competitive Equilibrium and Non-cooperative Game Theory: Noise and Bounded Rationality", in Petri F and Hahn F H (eds.) *General Equilibrium: Problems and Prospects*, Routledge.

Sabourian, H (2003), "Bargaining and Markets: Complexity and the Competitive Outcome", *Journal of Economic Theory* (forthcoming).

Sabourian, H and Gale D (2003), "Markov Equilibria in Dynamic Matching and Bargaining Games", *Cambridge Working Paper in Economics No. 0322*.

Sabourian, H and Gale D (2003), "Complexity and Competition I: Sequential Matching", *Cambridge Working Paper in Economics No. 0345*.

Dr S Sällström-Matthews

Industrial organisation: quality, fashion and price discrimination, disclosure, testing, entry, technical progress experimentation, self-confidence, career choice and human capital.

Dr S E Satchell

Econometrics; finance; housing (mortgages and mortgage default); especially empirical/theoretical financial econometrics with UK and emerging markets applications, pensions.

Satchell, S E and Bond S A (2002), "Statistical Properties of the Sample Semi-Variance, with an Application to Emerging Markets Data", *Applied Mathematical Finance*, Vol. 9, no. 4 pp. 219-239.

Satchell, S E and Bond S A (2002), "Asymmetry, Loss Aversion and Forecasting". *Paper presented to the Multi-moment Capital Asset Pricing Models and*

- Related Topics Conference, ESCP-EAP European School of Management, Paris.
- Satchell, S E and Christodoulakis G (2002), "Correlated ARCH (CorrARCH): Modelling the Time-Varying Conditional Correlation between Financial Asset Returns", *European Journal of Operational Research*, Vol. 139 (2), pp 351-370.
- Satchell, S E and Christodoulakis G (2002), "On the Evolution of Global Style Factors in the MSCI Universe of Assets", *International Transactions in Operational Research*, Vol 9(1), pp 1-18.
- Satchell, S E and Christodoulakis G (2002), "Forecasting Using (Log) Volatility Models".
- Satchell, S E and Darsinos T (2002), "The Implied Distribution for Stocks of Companies with Warrants and/or Executive Stock Options", *DAE Working Paper No. 0217*, University of Cambridge.
- Satchell, S E and Darsinos T (2002), "On the Valuation of Warrants and Executive Stock Options: Pricing Formulae for Firms with Multiple Warrants/Executive Options", *DAE Working Paper No. 0218*, University of Cambridge..
- Satchell, S E and Davies G B (2002), "Cumulative Prospect Theory and Individual Asset Allocation".
- Satchell, S E and Farah N (2002), "Reconciling Grinblatt and Titman's Positive Period Weighting Performance Measure with Loss Aversion: An Application to UK Active Managers", Mimeo, University of Cambridge.
- Satchell, S E and Hall A D (2002), "Computing the Mean/Downside Risk Frontiers: The Role of Normality".
- Satchell, S E and Hwang S (2002), "Calculating the Misspecification in Beta from Using a Proxy for the Market Portfolio", *Applied Financial Economics* Vol.12, No. 11, 771-781.
- Satchell, S E, Hwang S and Hall A (2002), "Using Bayesian Variable Selection Methods to Choose Style Factors in Global Stock Return Models", *Journal of Banking and Finance* Vol. 26, 2301-2325.
- Satchell, S E and Hwang, S. (2002) "Properties of Cross-sectional Volatility," July 2002, *Applied Financial Economics* (forthcoming).
- Satchell, S E, Hwang S and Valls P (2002), "Stochastic Volatility Models with Markov Regime Switching State Equations".
- Satchell, S E and Knight J (eds.) (2002), "Performance Measurement in Finance", (Butterworth Heinemann).
- Satchell, S E, Knight J and Yu J (2002), "Efficient Estimation of the Stochastic Volatility Model via the Empirical Characteristic Function". *Australian and New Zealand Journal of Statistics* 44, pp319-335.
- Satchell, S E, Lambrecht B and Perraudin W (2002), "Mortgage Default and Possession under Recourse: A Competing Hazards Approach", *Journal of Money, Credit and Banking*.
- Satchell, S E and Lundin M (2002), "Performance Measurement of Portfolio Risk with Orthant Probabilities", in *Performance Measurement in Finance* (eds.) Knight J and Satchell S E, pp. 261-284. (Butterworth and Heinemann).
- Satchell, S E and Pederson C (2002), "Utility Functions with Parameters Depending on Initial Wealth", Annual Conference of the Insitutte for Operational Research andf Management Science (InfORMS), Cincinnati, May 2002, *Bulletin of Economic Research*.

- Satchell, S E and Pedersen C (2002), "On the Foundation of Performance Measures under Assymetric Returns", *Quantitative Finance* 2, No. 3, pp. 217-223.
- Satchell, S E and Pedersen C (2002), "Evaluating the Performance of Nearest Neighbour Algorithms when Forecasting US Industry Returns", *European Journal of Finance*.
- Satchell, S E and Sancetta A (2002), "New Test Statistics for Market Timing with Applications to Emerging Markets, *DAE Working Paper 0222*, University of Cambridge;
- Satchell, S E and Sancetta A (2002), "Calculating Hedge Fund Risk: The Draw Down and the Maximum Draw Down".
- Satchell, S E and Sancetta A (2002), "Molten Lava Meets Market Languor", *Quantitative Finance* 2 (6).
- Satchell, S E and Sancetta A (2002), "The Bernstein Copula and its Applications to Modelling and Approximations of Multivariate Distributions".
- Satchell, S E and Yang J H S (2002), "Endogenous Cross Correlation", *DAE Working Paper 0321*.
- Satchell, S E Ba Chu and Knight J (2003), "Using the Large Deviation Technique to Estimate Asymmetric Financial Risk", *Institute for Financial Research*, Birkbeck College, IFR 1/2003.
- Satchell S E and Contreras P (2003), "A Bayesian Confidence Interval for Value-at-Risk", submitted to the *DAE Working Paper Series*.
- Satchell, S E and Darsinos T (2003), "Generalising Universal Performance Measures".
- Satchell, S E and Darsinos T (2003), "Measuring Style Tilting and Decomposing Style Risk".
- Satchell, S E and Darsinos T (2003), "Simulation Based Evaluation of Internet Trading Games Using Derivative Type Valuation as an Approximation".
- Satchell, S E and Darsinos, T. (2003) Bayesian Estimation of Risk-Premia in an APT Context. *Cambridge Working Papers in Economics* 0329.
- Satchell, S E and Hillier G (2003), "Some Exact Results for Efficient Portfolios with Given Returns in *New Advances in Portfolio Construction and Implementation*, Butterworth and Heinemann.
- Satchell S E, Hwang S, Wright S M (2003), "Assessing the Merits of Rank-based Optimisation for Portfolio Construction" in S Satchell eds., *New Advances in Portfolio Construction and Implementation*, Butterworth-Heinemann, London.
- Satchell, S E and Hwang S (2003), "GARCH Model with Cross-sectional Volatility; GARCHX Model", *Applied Financial Economics* (forthcoming).
- Satchell, S E, Gregoriou G and Rouah F (2003), "Simple and Cross Efficiency of CTA's Using Data Envelopment Analysis", in *The Facts about Hedge Funds* a special issue of *The European Journal of Finance* (forthcoming).
- Satchell, S E and Knight J (eds.) (2003), "Linear Factor Models in Finance" Butterworth Heinemann, (forthcoming).
- Satchell, S E and Knight J (2003), "A Testing for Infinite Order Stochastic Dominance with Applications to Finance, Risk and Income Inequality", *Journal of Economics and Finance*, (forthcoming).
- Satchell, S E and Randall J (2003), "An Analysis of the Hedging Approach to Modelling Pension Fund Liabilities, reprinted in *Asset and Liability Management Tools A Handbook for Best Practice* edited by Bernd Scherer.

- Satchell, S E and Knight J (2003), "A Re-Examination of Sharpe's Ratio for Log-Normal Prices".
- Satchell, S E and Sancetta A (2003), "The Copula Function as a Model and Approximation to Multivariate Distributions", *Econometric Theory* (forthcoming).
- Satchell, S E and Sancetta A (2003), "Changing Correlation and Sharpe's Model, and the Failure of Portfolio Diversifications as a Risk Management Tool".
- Satchell, S E and Sancetta A (2003), "Optimal Draw Down Portfolios".
- Satchell, S E and Sancetta A, Lande G (2003), "Draw Downs as a Measure of Hedge Fund Risk: Some Stylized Facts". Forthcoming in G. N. Gregorion, V.N. Karavas and F. Rouah (editors), *Hedge Funds: Inside the Black Box Using A Quantitative Approach*. Washington: Beard Books.
- Satchell S E and Scowcroft A (eds) (2003), "New Advances in Portfolio Construction and Implementation", Butterworth and Heinemann.
- Satchell, S E and Yang J H S (2002), "The Impact of Technical Analysis on Asset Price Dynamics", *DAE Working Paper 0219*.
- Satchell, S E, Guoqiang Wang and Knight J (2003), "Value at Risk Linear Exponent (VARLINEX) Forecasts", *Quantitative Finance* 3, pp.332-344.

Dr E Sciubba

Economic theory; finance; evolution and learning in economic theory and finance; market microstructure; theory of contracts; managerial compensation.

- Sciubba, E (2002), "Relative Performance and Herding in Financial Markets", in *Performance Measurement in Finance* Knight J and Satchell S (eds.), Butterworth-Heinemann.
- Sciubba, E and Loranth G (2002), "Relative Performance, Risk and Entry in the Mutual Fund Industry", *CEPR Discussion Paper No.3504*.
- Sciubba, E (2003), "Asymmetric Information and Survival in Financial Markets", *Economic Theory* (forthcoming).

Professor A Singh

Modern business enterprise, corporate organisation, corporate finance, take-overs, the stock market and the theory of the firm; de-industrialisation and long-term structural changes in the UK, US and other advanced economies; North-South competition and issues of employment and unemployment in the North and the South; liberalisation and globalisation of financial and product markets; firms, markets, the state and the financial system in economic development; industrialisation and economic policy in emerging markets.

- Singh, A (2002), "Aid, Conditionality and Development", *Development and Change* Vol.33, No.2.
- Singh, A (2002), "Asian Capitalism and Financial Crisis" in Eatwell J and Taylor L (eds.) *International Capital Market: Systems in Transitions*. Oxford University Press.

- Singh, A (2002), "Competition, Corporate Governance and Selection in Capital Markets", *Working Paper No. 247, Working Paper Series, Centre for Business Research*, University of Cambridge. 2002. A revised version of this paper will be published in the *Economic Journal*, 113, November 2003. pp. F443-F464.
- Singh, A, Glen J and Lee, K (2002), "Corporate Profitability and the Dynamics of Competition in Emerging Markets: A Time Series Analysis", *Working Paper No. 248, Working Paper Series, Centre for Business Research*, University of Cambridge. 2002. A revised version of this paper will be published in the *Economic Journal*, vol 113, November 2003, pp F465-F484.
- Singh, A (2002), "Corporate Governance, the Big Business Groups and the G-7 Reform Agenda: A Critical Analysis", *Seoul Journal of Economics*, Vol 15, No. 2, pp. 103-148.
- Singh, A, Singh Alaka and Weisse B (2002), "Corporate Governance, Competition, the New International Financial Architecture and Large Corporations in Emerging Markets", *Working Paper No. 250, Working Paper Series, Centre for Business Research*, University of Cambridge. Also published in *Management of Capital Flows*, UNCTAD (ed.) 2003. pp.1-70.
- Singh, A (2003), "Corporate Governance, Corporate Finance and Stock Markets in Emerging Countries", *Working Paper No. 258, Working Paper Series, Centre for Business Research*, University of Cambridge. Subsequently published in the *Journal of Corporate Law Studies*, Vol 3, Part 1. April, pp. 41-72.
- Singh, A (2003), "Capital Account Liberalisation, Free Long-term Capital Flows, Financial Crises and Economic Development", *CBR Working Paper No. 245*, University of Cambridge, December. Subsequently published in a revised form in the *Eastern Economic Journal*, Vol. 29, No. 2, Spring 2003, pp. 191-216. Also published in *Globalisation, Regionalism and Economic Activity*, P. Arestis, M. Baddeley and J. McCombie (eds.), Edward Elgar, UK/US. pp. 15-46.
- Singh, A and Glen J (2003), "Capital Structure, Rates of Return and Financing Corporate Growth: Comparing Developed and Emerging Markets", in *Future of Domestic Capital Markets*, Robert E. Litan, Michael Pomerleano, V. Sundararajan (eds), Brookings Press, Washington DC, pp. 373-416.
- Singh, A (2003), "The New International Financial Architecture, Corporate Governance and Competition in Emerging Markets: New Issues for Developing Economies", in *Rethinking Development Economics*, Ha-Joon Chang (ed.), Anthem Press, London, pg377-403.
- Singh, A (2003), "South-South Co-Operation: A Historical Perspective", In *South Centre High Level Policy Forum*, South Centre, Geneva, pp. 95-112. ISBN 92 9162 023 8.
- Singh, A (2003), "Income Inequality in Advanced Economies: A Critical Examination of the Trade and Technology Theories and an Alternative Perspective", in *Work and Well-Being in the Age of Finance* Jayati Ghosh and C P Chandrasekhar (eds), Tulika Books, New Delhi, India.
- Singh, A and Zammit J A (2003), "Globalisation, Labour Standards and Economic Development", *Working Paper No.257, Working Paper Series, Cambridge*

Centre for Business Research, Cambridge. Forthcoming in Jonathan Michie (ed.), *The Handbook of Globalisation*, Edward Elgar. 2003.

Singh, A (2002), "Competition and Competition Policy in Emerging Markets: International and Developmental Dimensions", *Working Paper No. 246, Working Paper Series, Centre for Business Research, University of Cambridge*, 2002. Also published in the G-24 Discussion Paper Series UNCTAD and Center for International Development Harvard University.

Dr S N Solomou

The following in historical perspective: long cycles; business cycles; trade policy; exchange rate regimes and economic performance; weather and sectoral fluctuations.

- Solomou, S N and Wu W (2002), "Macroeconomic Effects of Weather Shocks 1870-1913", *Climate Research* 20, PP 153-66.
- Solomou, S N (2002), "Weather and Consumer Price Inflation 1880-1913", *Agricultural History Center Working Paper*, UC Davis, California.
- Solomou, S N and Weike Wu (2002), "Weather Effects on European Agricultural Price Inflation 1870-1913", *Advances in Agricultural Economic History*, Vol.2, 2001.
- Solomou, S N (2002), "Trade Protection in the 1930s", in James H (Ed), *The International Depression in an International Context*, Oldenburg, Munich.
- Solomou, S N and Weike Wu (2002), "Macroeconomic Effects of Weather Shocks 1870-1913", *Agricultural History Center, University of California, Davis, Working Paper Series* 108.
- Solomou, S N and Weike Wu (2002), "Weather and Consumer Price Inflation 1880-1913", *Agricultural History Center, University of California, Davis, Working Paper Series* 107.
- Solomou, S N and Ristuccia C (2002), "British Episodic Economic Growth 1850-1938", *DAE Working Paper* 0208, Cambridge University.
- Solomou, S N and Ristuccia C (2002), "Electricity Diffusion and Trend Acceleration in Inter-War Manufacturing Productivity", *DAE Working Paper* 0202, Cambridge University.
- Solomou, S N and Catao L (2003), "Exchange Rates in the Periphery and International Adjustment Under the Gold Standard", *International Monetary Fund Working Paper* 03, 41.
- Solomou, S N (2003), "Business Cycles", in Mokyr J (Ed) *The Oxford Encyclopedia of Economic History*.

Dr S Vahey

Macro: fiscal, monetary and debt management policies; Labour: rent sharing models, job quality.

- Vahey, S, Loukoianova E and Wakerly E C (2002), "A Real Time Tax Smoothing Based Fiscal Policy Rule", *DAE Working Paper*.

- Vahey, S, Pick A and Egginton D M (2002), "Keep It Real": A Real-time UK Macro Data Set", *Economics Letters*.

Dr M Weeks

Microeconometrics, particular discrete choice models; revealed and stated preference models; model testing and evaluation; non-linear threshold models; computationally intensive methods including simulation-based inference and the bootstrap; models of institutional change for transition economies; convergence within and across countries.

- Weeks, M and Yudong Y (2003), "Provincial Conditional Income Convergence in China, 1953-1997: A Panel Data Approach", *Econometric Review*, Vol.22, No.1.
- Weeks, M and Kapetanios G (2003), "Non-Nested Models and the Likelihood Ratio Statistic: A Comparison of Simulation and Bootstrap Based Tests", *University of London, Queen Mary College, Economics Working Paper No.490*.
- Weeks, M, Di Tommaso M L and Raiser M (2003), "Home Grown or Imported? Initial Conditions, External Anchors and the Determinants of Institutional Reform in the Transition Economies", *European Bank for Reconstruction and Development, Working Paper* 81.
- Weeks, M and Iyer S (2003), "Social Interactions and Reproductive Externalities: An Econometric Investigation of Fertility Behaviour in Kenya", *Faculty of Economics, University of Cambridge, mimeo*.
- Weeks, M, Godsill S and Stone M (2003), "Assessing the Impact of Private Sector Balance Sheets on Financial Crises: A Comparison of Bayesian and Information-Theoretic Measures of Model Uncertainty", *IMF Working Paper*.
- Weeks, M, Corrado L and Martin R (2003), "Identifying and Interpreting Convergence Clusters Across Europe", *Working Paper, University of Rome, Torquata*.
- Weeks, M and Matias E (2003), "On Specification, Identification and Estimation in a Class of Discrete Choice Models", *Cambridge Working Papers in Economics*, 0352.
- Weeks, M and Matias E (2003), "Estimation of Discrete Choice Models Using DCM for Ox: A Manual".
- <http://www.econ.cam.ac.uk/faculty/weeks/DCM/DCMWebPage.htm>.

*College-based Research and Teaching Associates
of the Faculty*

Dr M Baddeley	Gonville and Caius College
Dr J S Chada	Clare College

*College-based Teaching Officers, Directors of Studies and Others associated
With the Teaching Programme*

Dr J Aldred	Emmanuel College
Dr E Aldworth	Robinson College
Dr N F B Allington	Gonville & Caius College
Mr M Beber	Sidney Sussex College
Dr A Bhattacharjee	Robinson College
Dr J Cathie	Wolfson College
Dr J Collier	Lucy Cavendish College
Dr F Comim	St Edmunds College
Ms L Corrado	Wolfson College
Dr A Cosh	Queens College
Dr C Dargie	Lucy Cavendish College
Mr P Faulkner	St Catharines College
Dr M Gross	Emmanuel College
Dr M J S Holly	Fitzwilliam College
Professor A Hughes	Sidney Sussex College
Mr R Jobling	St Johns College
Dr P Kathuman	Corpus Christi
Mr M F Kitson	St Catharines College
Mr N V Knight	Magdalene College
Mr M Kuczynski	Pembroke College
Dr C Lawson	Girton College
Dr P Lewis	Newnham College
Dr J McCombie	Downing College
Dr M Milgate	Queens College
Dr J G Meeks	Robinson College
Mr B C Moore	Downing College
Dr M Panic	Selwyn College
Dr K Patel	Magdalene College
Dr C Pitelis	Queens College
Dr M G Pollitt	Sidney Sussex College
Dr C Ristuccia	Trinity Hall
Mr M Roberts	New Hall College/Girton College
Dr J Runde	Girton College
Dr S G Santos	Wolfson College
Dr R Serra	Wolfson College
Dr S Sgroi	Churchill College
Dr D N Tambakis	Pembroke College/Queens College
Dr P Tyler	St Catharines College
Dr T W Warke	Fitzwilliam College

Visiting Lecturers from Other Institutions

Professor R Kanbur	Dr T Kenc	Professor M Majumdar
Mr W Martin	Professor T Swanson	

Lectures, Seminars, etc.

A total of 137 seminars, workshops and lectures were held on various economics topics, both in the Faculty and in the various colleges. Presenters were drawn from within the Faculty and University, as well as other British universities and from abroad.

Applied Econometrics Seminars
Econometrics Workshops
Economic Theory Seminars
Faculty/DAB Seminars
Macroeconomics Seminars
Microeconomics Seminars
'Shadow Talks' - Graduate Students
Faculty Seminars, Queens College
Workshops on Realism and Economics

Marshall Lectures 2003

Professor Jean Tirole (University of Toulouse) "Financial Crises?"

CWPE0318 Toke Aidt and Francesco Magris (March 2003) 'Capital Taxation and Electoral Accountability'

In a representative democracy, voters can use elections to protect their property by holding politicians accountable for the tax policies they implement while in office. This paper demonstrates that performance voting can – partly or wholly – solve the capital levy problem. We characterise the 'best' non-expropriating tax policies that can be sustained in a stationary Markov Perfect Equilibrium; show when this coincides with the second best tax policy; and discuss, in detail, the robustness of the result.

KEYWORD: performance voting, capital taxation, time consistency

JEL: H21, D72

CWPE0319 Alessio Sancetta and Steve. E. Satchell (March 2003) 'Changing Correlation and Portfolio Diversification Failure in the Presence of Large Market Losses'

We consider Sharpe's one factor model of asset returns and its extension to K factors in order to explain theoretically why diversification can fail. This model can be used to explain nonlinear dependence amongst the assets in a portfolio. The result is intimately related to the tail distribution of the driving factor, the market. We study these properties for general classes of distribution functions. We find asymptotic conditions on the tails of the distribution which determine whether diversification will succeed or fail in the presence of a market fall. Turning to exact analysis, we characterise the only distribution having constant correlation when the market falls, namely the exponential distribution.

KEYWORDS: distribution function, factor model, portfolio diversification

JEL: C16, G11

CWPE0320 Alessio Sancetta (March 2003) 'Nonparametric Estimation of Multivariate Distributions with Given Marginals'

Nonparametric estimation of the copula function using Bernstein polynomials is studied. Convergence in the uniform topology is established. From the nonparametric Bernstein copula, the nonparametric Bernstein copula density is derived. It is shown that the nonparametric Bernstein copula density is closely related to the histogram estimator, but has the smoothing properties of kernel estimators. The optimal order of polynomial under the L2 norm is shown to be closely related to the inverse of the optimal smoothing factor for common nonparametric estimator. In order of magnitude, this estimator has variance equal to the square root of other common nonparametric estimators, e.g. kernel smoothers, but it is biased as a histogram estimator.

Keywords: Bernstein Polynomial, Copula, Course of Dimensionality, Histogram, Nonparametric Estimator.

JEL: C14, C51.

CWPE 0321 J-H. Steffi Yang and Steve E. Satchell (March 2003) 'Imitative Learning, Endogenous Asset Correlation and Market Crashes'

We model endogenous correlation in asset returns via the role of heterogeneous expectations in investor types, and the dynamic impact of imitative learning by investors. Learning is driven by relative performance. In addition, we allow a cautious slow learning pace to reflect institutional conditions. Imitative learning shapes the market ecology that influences price formation. Using the model of non-imitative agents as a benchmark, our results show that the dynamics of imitative learning endogenously induce a significant degree of asset dependency and patterns of non-constant correlation. The asymmetric learning effect on correlation, however, implies a self-reinforcing process, where a bearish condition amplifies the effect that further exacerbates asset dependency. We conclude that imitative learning, even when rational, can to a certain extent account for the phenomena of market crashes. Our results have implications for transparency in regulation issues.

KEYWORDS: learning, imitation, asset correlation, market conditions

JEL:D83, G11, G12

CWPE 0322 Douglas Gale and Hamid Sabourian (April 2003) 'Markov Equilibria in Dynamic Matching and Bargaining Games'

Rubinstein and Wolinsky (1990) show that a simple homogeneous market with exogenous matching has continuum of (non-competitive) perfect equilibria, but the unique Markov perfect equilibrium is competitive. By contrast, in the more general case of heterogeneous markets, we show there exists a continuum of (non-competitive) Markov perfect equilibria. However, a refinement of the Markov property, which we call monotonicity, does suffice to guarantee perfectly competitive equilibria, if, and only if, it is monotonic. The monotonicity property is closely related to the concept of Nash equilibrium with complexity costs.

KEYWORDS: Bargaining, matching, complexity, bounded rationality, Markov equilibrium, competitive equilibrium

JEL: C72, C78, D5

CWPE0323 William Brown and Paul Ryan (May 2003) 'The Irrelevance of Trade Union Recognition? A Comparison of Two Matched Companies'

Two UK business services companies are compared both to each other and to their common state-owned industry background in order to assess the implications of trade union recognition and changed bargaining structure. Union recognition had been abandoned by one company under the agenda of 'individualization' and 'personal contracts' but retained by the other under the agenda of 'partnership'. Changes in the level at which employment relationships are regulated occurred at both companies relative to their ancestral public enterprises. The similarity

of the companies in terms of products, technologies and institutional history provides an approximation to a natural experiment. The evidence suggests only secondary effects from union presence upon operational attributes and economic performance, but major effects from the decentralization of employment relations, which formed part of a wider and more radical set of changes in the relevant markets, technologies, ownership structures and labour law.

KEYWORDS: trade unions, employment contracts, collective bargaining, union recognition, individualisation, payment systems, privatisation

JEL: J5

CWPE0324 (CMI24) Paul Joskow and Jean Tirole (May 2003) 'Merchant Transmission Investment'

We examine the performance attributes of a merchant transmission investment framework that relies on 'market driven' transmission investment to provide the infrastructure to support competitive wholesale markets for electricity. Under a stringent set of assumptions, the merchant investment model appears to solve the natural monopoly problem and the associated need for regulating transmission companies traditionally associated with electric transmission networks. We expand the model to incorporate imperfection in wholesale electricity markets, lumpiness in transmission investment opportunities, stochastic attributes of transmission networks and associated property rights definition issues, the effects of the behaviour system operators and transmission owners on transmission capacity and reliability, co-ordination and bargaining considerations, forward contract, commitment and asset specificity issues. This significantly undermines the attractive properties of the merchant investment model. Relying primarily on a market driven investment framework to govern investment is likely to lead to inefficient investment decisions and undermine the performance of competitive markets.

CWPE0325 (CMI25) A. Denny Ellerman (May 2003) 'Lessons form Phase 2 Compliance with the US Acid Rain Program'

CWPE0326 (CMI26) Joanne Evans and Richard Green (May 2003) 'Why did British Electricity Prices Fall after 1998?'

In an attempt to reduce high electricity prices in England and Wales the government has reduced concentration among generators and introduced New Electricity Trading Arrangements (NETA). Econometric analysis on monthly data from April 1996 to September 2002 implies support for two conflicting hypotheses. On a static view, increases in competition and the capacity margin were chiefly responsible for the fall in prices. If generators had been tacitly colluding before NETA, however, the impending change in market rules might have changed their behaviour a few months before the abolition of the Pool. That view implies that NETA reduced prices.

JEL: L94

Keywords: Electricity, market power, concentration, market rules

CWPE0327 (CMI27) M. Soledad Arellano (May 2003) 'Diagnosing and Mitigating Market Power in Chile's Electricity Industry'

This paper examines generators' incentives to exercise market power and the strategies they would follow if all electricity supplies were traded in an hourly-unregulated spot market. The industry is modelled as a Cournot duopoly with a competitive fringe; particular care is given to the hydro scheduling decision. Quantitative simulations of generators' strategic behaviour indicate that the largest (Endesa) would have the incentive and power to act unilaterally. It would schedule its hydro resources to take advantage of differences in price electricity: too little supply in high demand periods and too much in low demand periods. Two market power mitigation measures are analysed: requiring Endesa to divest some of its generating capacity, and fixed price forward contracts for dominant generators. Conditions for the development of a voluntary contract market are analysed, as it is not practical to rely permanently on vesting contracts imposed for the transition period.

JEL: D43, L11, L13, L94

KEYWORDS: electricity utilities, market power, scheduling hydro-reservoirs, contracts, Chile's electricity industry

CWPE0328 (CMI28) Paul L. Joskow (May 2003) 'The Difficult Transition to Competitive Electricity Markets in the U.S.'

This paper discusses the causes and consequences of state and federal initiatives to introduce wholesale and retail competition into the U.S. electricity sector from 1995. The development and performance of wholesale market institutions, the expansion of wholesale power trade, the entry of merchant generating capacity, and the financial collapse of the trading and merchant generating sector is discussed. Issues regarding the ability of evolving spot wholesale energy market institutions and market power mitigation mechanisms in the absence of some form of peak capacity obligation are discussed theoretically and evaluated empirically. The diffusion of retail competition and the performance of retail competition programs in eight states is examined empirically. The analysis leads to the overall conclusion that the development of efficient competitive wholesale and retail electricity markets continues to be a work in progress and faces many technical, institutional and political challenges in the U.S.

CWPE0329 Theofanis Darsinos and Stephen E. Satchell (May 2003) 'Bayesian Estimation of Risk-Premia in an APT Context'

Recognizing the problems of estimation error in computing risk premia via arbitrage pricing, this paper provides a Bayesian methodology for estimating factor risk premia and hence equity risk premia for both traded and non-traded factors. Some illustrative calculations based on UK equity are also provided.

JEL: C11, C13, G12

Keywords: Bayesian, Estimation, Arbitrage Pricing Theory, Risk Premium

CWPE0330 M. Hashem Pesaran, Til Schuermann and Björn-Jakob Treutler, Scott M. Weiner (June 2003) 'Macroeconomic Dynamics and Credit Risk: A Global Perspective'

We develop a framework for modelling conditional loss distributions through the introduction of risk factor dynamics. Asset value changes of a credit portfolio are linked to a dynamic global macroeconomic model, allowing macro effects to be isolated from idiosyncratic shocks. Default probabilities are driven primarily by how firms are tied to business cycles, both domestic and foreign, and how business cycles are linked across countries. The model is able to control for firm-specific heterogeneity as well as generate multi-period forecasts of the entire loss distribution, conditional on specific macroeconomic scenarios.

Keywords: risk management, economic interlinkages, loss forecasting, default correlation

JEL: C32, E17, G20

CWPE0331 M. Hashem Pesaran and Allan Timmermann (June 2003) 'Small Sample Properties of Forecasts from Autoregressive Models under Structural Breaks'

Autoregressive models are used routinely in forecasting and often lead to better performance than more complicated models. However, empirical evidence is also suggesting that the autoregressive representations of many macroeconomic and financial time series are likely to be subject to structural breaks. This paper develops a theoretical framework for the analysis of small-sample properties of forecasts from general autoregressive models under a structural break. Our approach is quite general and allows for unit roots both pre- and post-break. We derive finite-sample results for the mean squared forecast error of one-step-ahead forecasts, both conditionally and unconditionally and present numerical results for different types of break specifications. Implication of breaks for the determination of the optimal window size are also discussed.

JEL: C33, C5

KEYWORDS: small sample properties of forecasts, RMSFE, structural breaks, autoregression

CWPE0332 Emanuele Giovannetti and Cristiano A. Ristuccia (June 2003) 'Estimating Market Power in the Internet Backbone Using Band-X data'

Recent industry studies found the Internet backbone industry competitive. In our paper we explore a novel route to monitor for market power using prices and quality data from Band-X. First we test the hypothesis that Europe is a connectivity market on its own, unchallenged by the US and then, by using a Panel data Regression, we find that these markets are not very competitive since brand effects play a major role because price variations are only marginally affected by qualitative dimensions. More worryingly we find that companies with high prices are often able to supply an inferior quality I.P. transit.

JEL: C33, L13, L86, L96

Keywords: Internet, Market Power, Backbone, Competition Policy, Network Industries

CWPE0333 Nathalie Farah and Stephen E. Satchell (July 2002) 'A Loss Aversion Performance Measure'

The purpose of this paper is to propose an innovative method of evaluating the performance of active fund managers, by introducing to the field of performance measurement the more appealing loss aversion utility theory. We combine the latter to an already established performance measure developed by Grinblatt and Titman (1989), to construct a new and improved method of performance evaluation and then apply it for two distinct risk preference scenarios. The new methodology is used to evaluate the performance of a sample of UK pension funds over a 10-year period using the Knight, Satchell and Tran (1995) family of distributions for the excess returns. The results vary depending on the assumption of risk preferences: the results obtained in the first scenario are controversial, whereas for the second scenario, the new measure does seem to pick up on the timing skills exhibited by active fund managers and then reward them accordingly.

JEL classification: C16, C20, C61, G11, G23

Keywords: Performance measures, Loss Aversion, Pension funds, KST Family, Active management

CWPE0334 David Gill and Daniel Sgroi (July 2003) 'Product Launches with Biased Reviewers: The Importance of Not Being Earnest'

The standard simple sequential herding model is altered to allow a firm with a new product to have it reviewed publicly before launch. Reviewers are either inherently pessimistic, optimistic or unbiased. We find the counter-intuitive result that a firm with a good product will prefer a pessimistic reviewer. Although firms with a bad product prefer unbiased reviewers, signalling considerations will force them to copy the choice of the good product firm in order to avoid revealing product type. This asymmetric impact provides a strong explanation for the stylized fact that reviewers are often viewed as being very critical.

JEL: D82, D83, L15

Keywords: bias, herding, reviewers, sequential sales

CWPE0335 David Gill and Daniel Sgroi (July 2003) 'The Superiority of Tough Reviewers in a Model of Simultaneous Sales'

This paper considers the impact of reviewers on the sale of a product of unknown quality. Sales occur simultaneously after an initial review by an unbiased, pessimistic or optimistic reviewer and we examine the impact on sales in each case. We find that counter-intuitively a pessimistic reviewer is best for the firm's profits regardless of the quality of the product. An endorsement by such a pessimist provides an excellent signal of the product's quality, while consumers expect the reviewer to fail to endorse, so receiving no endorsement will not impact too heavily on the firm's expected profits. This asymmetric impact

provides a strong explanation for the stylized fact that reviewers are often viewed as being very critical.

JEL: D82, D83, L15

Keywords: private information, reviewers, bias, simultaneous sales, marketing

CWPE 0336 Francesco Gulli (July 2003) 'Distributed Generation versus Centralised Supply: a Social Cost-Benefit Analysis'

This paper attempts to verify whether we are moving towards a new paradigm of the network energy industry (electricity and natural gas), based on a wide decentralisation of the energy supply. We do this by comparing the social benefits of decentralised and centralised models, simulating "ideal" situations in which any source of allocative inefficiencies is eliminated. This comparison focuses on assessing internal and external benefits. The internal benefits are calculated by simulating the optimal prices of the electricity and gas inputs. The external benefits are estimated by applying the "ExternE" methodology, one of the most recent and accurate approaches in this field. The paper rejects the hypothesis that we are moving towards a new paradigm and points out how the considerable interest in the deployment of distributed generation (DG) is probably due to market distortions, in some cases, enforced by market reforms.

JEL: L51, L94, L95, O34, Q20, Q30.

Keywords: Distributed Generation, Social Cost-Benefit Analysis, Energy Economics, Environmental Economics, Technological Change.

CWPE0337 Arnab Bhattacharjee (July 2003) 'Estimation in Hazard Regression Models under Ordered Departures from Proportionality'

Notions of monotone ordering with respect to continuous covariates in duration data regression models have recently been discussed, and tests for the proportional hazards model against such alternatives have been developed (Bhattacharjee and Das, 2002). Such monotone/ ordered departures are common in applications, and provide useful additional information about the nature of covariate dependence. In this paper, we describe methods for estimating hazard regression models when such monotone departures are known to hold. In particular, it is shown how the histogram sieve estimators (Murphy and Sen, 1991) in this setup can be smoothed and order restricted estimation performed using biased bootstrap techniques like adaptive bandwidth kernel estimators (Brockmann et al., 1993; Schucany, 1995) or data tilting (Hall and Huang, 2001). The performance of the methods is compared using simulated data, and their use is illustrated with applications from biomedicine and economic duration data.

JEL: C13, C14, C41, C51.

Keywords: Proportional hazards; Ordered restricted inference; Age-varying covariate effects; Biased bootstrap; Data tilting; Adaptive bandwidth selection; Histogram sieve estimator.

CWPE0338 Patrick J. Coe, M. Hashem Pesaran and Shaun P. Vahey (Aug 2003) 'Scope for Cost Minimization in Public Debt Management: the Case of the UK'

This paper provides a framework for an empirical analysis of the scope for cost minimization in public debt management. It assumes that a debt manager aims at minimizing the expected cost of government's debt portfolio for a given level of short term interest rate and subject to a number of risk and market impact constraints. The analysis is applied to the UK government debt over the period April 1985 to March 2000, by simulating "real time" interest costs of alternative portfolios constructed using monthly forecasts of return spreads based on recursive modelling (RM) procedure recently developed by Pesaran and Timmermann (1995, 2000), which limits the extent of data snooping. Statistically significant evidence of predictability of return spreads are provided before the introduction of reforms of the UK debt management system in 1995, although there seems to be little evidence of predictability once the post reform sample is included. Nevertheless, there appears to have been some scope for a small reduction in interest costs over the 1985-2000 period even if portfolio shares and their monthly changes are constrained to lie within historically observed upper and lower bounds in order to minimize the market impact effects of such changes.

Keywords: Public debt management, cost minimization, recursive modelling, data snooping

JEL: E17, E44, G12, H63

CWPE0339 Daniel Sgroi (Sept 2003) 'Using Neural Networks to Model Bounded Rationality in Interactive Decision-Making'

This paper considers the use of neural networks to model bounded rational behaviour. The underlying theory and use of neural networks is now a component of various forms of scientific enquiry, be it modelling artificial intelligence, developing better pattern recognition or solving complex optimization problems. This paper surveys the recent literature in economics on their use as a plausible model of learning by example, in which the focus is not on improving their ability to perform to the point of zero error, but rather examining the sorts of errors they make and comparing these with observed bounded rational behaviour.

Keywords: neural networks, bounded rationality, learning, repeated games, industrial organization

JEL: C72, D00, D83