



UNIVERSITY OF ABERDEEN – DEPARTMENT OF ECONOMICS

Economics Update

Spring 2017

IN THIS ISSUE

Welcome to the Economics Department

by Professor W David McCausland, Head of Economics

Our fourth Economics update keeps you up to date with developments in the department.

The Economics Department has twenty-three faculty and staff members, and is part of Aberdeen University's Business School. It has a well-established tradition of research in applied economics, particularly in the areas of labour economics and energy economics. There are also research interests in macroeconomics, the economics of health and wellbeing, and experimental economics. In the Research Excellence Framework of 2014 the department was ranked 4th in Scotland and 25th in the UK.

The Department of Economics is also home to the Scottish Experimental Economics Laboratory (SEEL), the Centre for European Labour Market Research (CELMR),

and the Aberdeen Centre for Research in Energy Economics and Finance (ACREEF).

The department also has a strong commitment to high quality teaching and learning. Our undergraduate MA Economics programme has around 130 students (typically senior honours: 50 single and almost 80 joint-honours students). Our premium postgraduate MSc in Petroleum, Energy Economics and Finance has around 35 students, and is complemented by our MSc Applied Economics programme and established PhD programme, with a record 25 PhD students this year.



MSc in Environmental Economics

Dr Marc Gronwald introduces our new MSc in Environmental and Energy Economics and Finance, commencing September 2017.



Research in East Africa

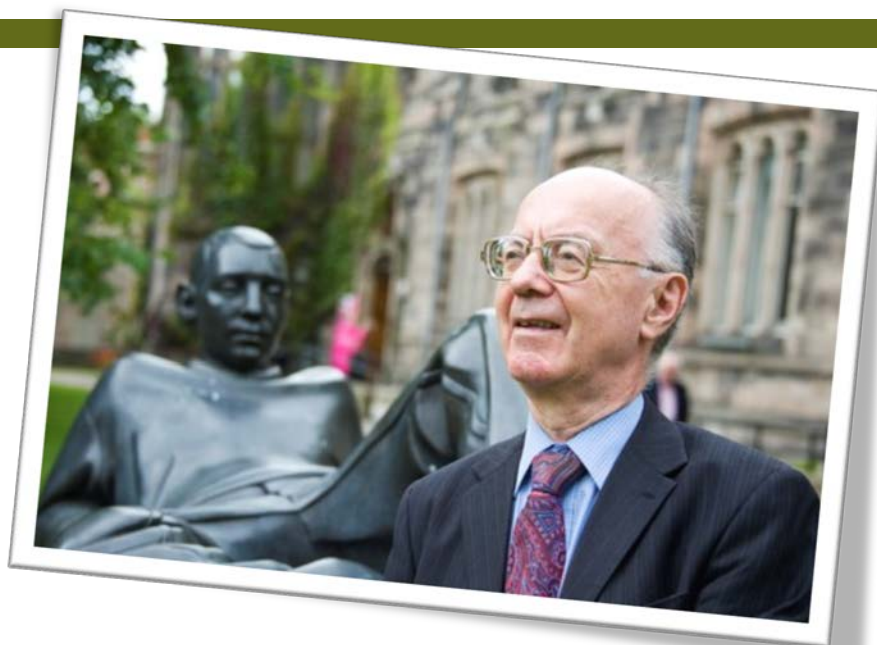
Professor Euan Phimister gives an overview of his latest environmental research projects.

Energy matters

Professor Alex Kemp spoke on *The UK Offshore Oil and Gas Sector: Past, Present and Future* to a visiting Norwegian Parliamentary Delegation (EU Committee) on the 5th September 2016. He also gave a presentation on the *Economics of EOR Schemes in the UKCS* to a visiting delegation from Brazilian Government, Aberdeen, on the 29th September 2016.

Professor Kemp also presented *The Long Term Prospects for the UK Continental Shelf (UKCS): What Can We Learn from Experience?* to the Conference on Future of North Sea Oil and Gas, in Aberdeen on 23rd June 2016. This was complemented by his address on the *Present Position and Future Prospects for Activity in the UKCS* to Fugro, Crathes Castle, Aberdeenshire, on the 14th September 2016.

Looking further ahead, Professor Kemp explained to delegates *How Can the North Sea Oil and Gas Industry be Revitalised?* At the Conference of British Institute of Energy Economics, Oxford, 21st September 2016. He further gave a presentation on *Maximising*



Economic Recovery (MER) in a Mature Petroleum Province to the British Institute of Energy Economics Seminar on Energy in Scotland, in Edinburgh, on the 9th November 2016.

In recent weeks, Professor Kemp delivered a presentation on *The Future of the UKCS to 2050 under "Lower for Longer" Oil Price Scenarios* to the Citizen's Jury on Energy, (organised by Judge Business School, University of Cambridge), in Aberdeen, on the 11th February 2017.

IN THE NEWS

Professor Keith Bender recently gave an interview with The Scotsman's Sofiane Kennouche entitled "[Manufacturing in Scotland: What Do We Still Make?](#)". He also was interviewed on the Kaye Adams Programme, BBC Radio Scotland, on "Self-Employment and the Paradox of the Contented Female Worker". Meanwhile, Professor Ioannis Theodossiou was the keynote speaker at the Economic Society of Thessaloniki's 13th International Conference, held at the Aristotle University of Thessaloniki, in November 2016. His presentation was entitled "Greek Tragedy in European Theatre; the Economic Consequences of Depression Economics". More details of this research can be found below.

Higher Education Academy Recognition

Since our last newsletter, two staff have gained Higher Education Academy (HEA) accreditation for their teaching - Dr Heather Dickey at Senior Fellow level, and Dr Mauro Papi (pictured, left) at Fellow level.



HEATHER DICKEY



Heather Dickey is a Senior Lecturer in Economics at the University of Aberdeen. Her main research interests are in the fields of applied labour economics, regional economics, and micro-econometrics. Her research to date has largely focused on issues relating to regional wage inequality, regional migration, multiple-job holding; and public policy evaluation. Current research includes: (i) the mobility and integration of Eastern European migrants into Scotland, and the role of labour market success in the integration process; (ii) exploring the relationship between regional migration and inequality; in particular, how does the movement of people across regions in the UK impact upon the level of wage inequality within UK regions? (iii) a multi-institutional BBSRC research project on the prevention of diseases in Asian aquaculture, and the alleviation of poverty within poor farming communities in India and Bangladesh. Engagement with local farming communities in the two countries will aim to identify their experience of poverty and the socioeconomic impact of disease outbreaks on farmers' livelihoods.

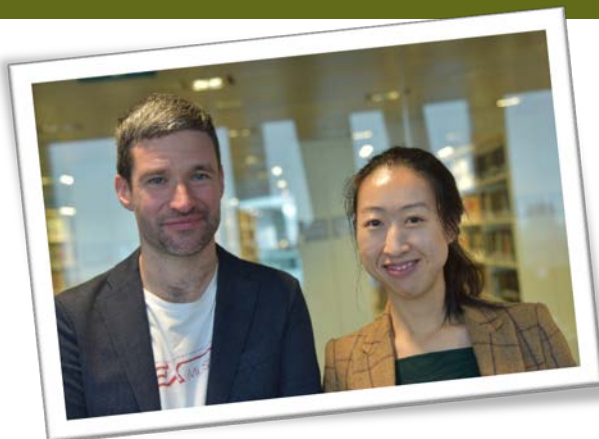
FOR MORE INFORMATION

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Dr Marc Gronwald is an environmental and energy economics expert, and is leading the new MSc in Environmental and Energy Economics and Finance. He is pictured (left) with Dr Xin Jin, and expert in energy economics and applied econometrics.

New MSc in Environmental and Energy Economics and Finance

by Dr Marc Gronwald, Programme Director

Energy, environment, climate change – these issues are inseparable. The Department of Economics has a long tradition in teaching energy economics and this area is also where many members of staff actively do research - and we are in Aberdeen, Europe's energy capital. Thus, it seems to be natural to build on this and offer the new MSc Environmental Energy Economics and Finance.

This applied 1-year Masters programme combines the study of economic principles as well as financial methods with a deep understanding of the relationship between energy, the environment, and climate change.

Investments in renewable energy, valuation of the natural environment, social cost of carbon - all these issues involve economic decision making as well as quantitative assessments.

In the first semester, key microeconomic modelling techniques as well as important environmental economic concepts

are covered. In addition, essential quantitative skills are taught: math and stats and corporate finance.

Semester two, deals with how decisions are made under uncertainty and which quantitative tools are helpful in this regard. In addition, there are options to either apply game theory skills, or to study other applied courses - in the areas of energy as well as public policy.

During the summer term, students will undertake a dissertation project from a range of possible key topics in energy and environmental policies, economics of renewable energy or economic evaluation of energy investments. This procedure is borrowed from MSc Petroleum Energy Economics and Finance; this is the part our students like best.

Who's who in the department?

Head of Department: *Professor W David McCausland*

Secretary: *Mr Peter Bartlam*

Director of Research and REF co-lead: *Professor Catia Montagna*

Director of Teaching: *Dr Alex Zangelidis*

Examinations Officer: *Dr Xin Jin*

Director MSc/MRes Applied Economics (AE): *Dr Catia Montagna*

Director MSc Petroleum, Energy Economics and Finance (PEEF): *Dr Nikos Vlassis* (pictured, below) ■ **New**

Director MSc Environmental and Energy Economics and Finance (EEEF): *Dr Marc Gronwald* (pictured, right) ■ **New**

PhD Director and DTP Pathways Coordinator: *Professor Ioannis Theodossiou*

Applications teams:

- AE (*Professor Catia Montagna, Drs Mauro Papi, John Skatun and Juergen Bracht*)
- PEEF (*Professor Euan Phimister, Drs and Nikos Vlassis, Xin Jin and Agathe Rouaix*)
- PhD (*Professor Ioannis Theodossiou and Drs John Skatun and Takahiko Kiso*)

Student Lifecycle Officer (Recruitment, Induction, Employability and Alumni): *Dr Yu Aoki*



Research Seminars Team: *Drs Yu Aoki, Mauro Papi and Nikos Vlassis* (internal and external seminars)

CELMR: *Professor Ioannis Theodossiou* (Director), *Professor W David McCausland* (Assistant Director), *Dr John Skatun* (Associate Director)

International Exchange Coordinator: *Dr Agathe Rouaix*

Scottish Experimental Economics Laboratory (SEEL): *Professor Joe Swierzbinski* (Director) and *Dr Juergen Bracht* (Deputy Director)

SIRE (Scottish Institute of Research in Economics) Stringer and SRDG Liaison: *Dr Ramses Abul-Naga*

Student industry placements team (PEEF): *Drs Xin Jin and Nikos Vlassis*

Economics Policy and Knowledge Exchange (EPAKE) committee: *Professor McCausland and Professors Theodossiou, Phimister, Bender and Montagna.*

PHD WORKSHOP



The ninth CELMR PhD Research Workshop took place on Friday 2 December 2016 in the Sir Duncan Rice Library. A record twenty-five PhD students presented and defended their research ideas. The keynote speaker and discussant Dr Peter Dawson (University of East Anglia) presented his recent research entitled "Leisure, well-being and health". Professor W David McCausland, Head of Economics, who chaired the opening session said "The conference has enormous benefits in the training, networking and wellbeing of our PhD students, many coming through our MSc in Applied Economics programme."

Research update

by Professor Ioannis Theodossiou, Director of Postgraduate Research in Economics.

With seismic changes in the economic landscape following the decision by the UK to leave the EU and the US presidential elections, our faculty have engaged in a number of policy fora to shed light on the current challenges and future solutions.

The Greek tragedy

While the focus of press attention has been on the UK and the US, economic crisis continues to dog the Eurozone. **Professor Ioannis Theodossiou** has recently made substantial contributions to the debate in Greece. His work has been subsequently published by *Prime Economics*. Since 2010 the European Commission, the IMF and the Greek and European political establishment have imposed a full blown internal devaluation programme that has caused a depression unlike any seen in Europe since WWII. He argues that restoration of confidence should be based on real improvement in the demand for goods and services, and this requires a total reversal of the current policies and a new public capital investment under the direct auspices of the State or other public authorities.

Improving organic resource use in rural Ethiopia (IPORE)

Meanwhile, **Professor Euan Phimister** has turned his attention to important development issues further afield. The shortage of organic resources is a key challenge in improving long term energy, food and water provision in rural Ethiopia.

The IPORE research is an ESRC Nexus Network funded transdisciplinary project involving environmental modelling and terrestrial biophysics, agriculture and forestry, water, sociology and social psychology and economics. The project is led by Euan Phimister, University of Aberdeen and involves partners in University Hawassa University (Ethiopia), the International Water Management Institute (IWMI), the James Hutton Institute (Aberdeen), and the Southern Agricultural Research Institute (SARI, Ethiopia).

Data collected by the project team is being used in environmental modelling of changes in water availability, soil organic matter and nutrients, and combined with socio-economic data to evaluate the economic attractiveness of alternative options. Data on governance of common resources will provide insights on when different technologies might be successful, and how changes in technologies, climate or livelihoods might require institutional adaptation. The process of data collection and analysis is being shaped by householders, policy makers and other stakeholders through focus groups and workshops.



PHD PROGRAMME



PhD Programme in Economics

This year there were a record number of 25 students registered for the PhD programme in Economics. Many of these students are supported in their first year by taking courses drawn from our **MSc Applied Economics** and our PhD Masterclasses (see following page). All our PhD students present their work annually at the CELMR PhD Conference. This year the conference was chaired by Professors McCausland and Montagna and Dr Skatun. The discussant and keynote speaker was **Dr Peter Dawson** from the University of East Anglia (UEA), Norwich, England. His keynote speech was *entitled Leisure, well-being and health*.

The Department is able to supervise PhDs in a wide range of fields, including the economics of health, labour and well-being, environmental and energy economics, development, international and macro-economics, microeconomics and experimental economics. A number of PhDs are funded by [Elphinstone Scholarships](#), which covers the cost of tuition fees, whether Home, EU or Overseas and are awarded on the basis of academic merit.

PhD Masterclasses

- **Dr Ramses Abul Naga** – *The Theory of Economic Policy: Externalities* (25th January) and *The Theory of Economic Policy: Public goods* (8th February 2017)
- **Prof Catia Montagna** – *Market size, distance and gravity: FDI, the international value chain and BREXIT* (20/21/27/28 February 2017)
- **Professor Marjon van the Pol** – *Health Economics and Policy Analysis: market failures and benefit measurement in health care* (15th February 2017)
- **Dr Harminder Battu** – *Randomised Trials and Policy Evaluation in Education* (30-31 January 2017)
- **Dr Colin Mac Bean** (Senior Economist, Office of the Chief Economic Advisor Scottish Government) – *Introduction to Policy Appraisal and Evaluation Central Government* (1 March 2017)
- **Dr Neil Swanson** (Economic Adviser, CAP Reform and Agri-Environment, Rural and Environment Science and Analytical Services) – *Economics and Environmental Policy* (15th March 2017)



Scottish Experimental Economics Laboratory (SEEL)

The Department of Economics is the home to Scotland's first experimental economics laboratory: The Scottish Experimental Economics Laboratory (SEEL). Laboratory experiments have increasingly become important to formulate economic policy in recent years. For example, experimental methods have been used to determine incentives and outcomes in health care provision. Experimental methods may be used to further our understanding of economic theory and its applications to diverse areas such as development economics, public economics, and the design of markets. For example, Dr Mauro Papi is currently collaborating with colleagues in Trento, Italy, as part of a research project entitled: *Does inducing choice procedures make individuals better off? An experimental design of a lottery choice experiment.* Their findings will be presented in Aberdeen next month.

Selected Recent Publications

- The effects of macroeconomic conditions at graduation on over-education, **Summerfield, F. & Theodossiou, I.** 20 Jan 2017 *Economic Inquiry*.
- Does Inducing Choice Procedures Make Individuals Better Off? An Experimental Study, **Mittone, L. & Papi, M.** 16 Jan 2017 *Theory and Decision*. 42 p.
- Measurement of Inequality with a Finite Number of Pay States: The Majorisation Set and its Applications, **Abul Naga, R. H.** 2 Nov 2016 *Economic Theory*. 25 p.
- Explosive oil prices, **Gronwald, M.** Nov 2016 *Energy Economics*. 60, p. 1-5 5 p.
- Looking after number two? Competition, cooperation and workplace interaction, **Barmby, T., Sessions, J. G. & Zangelidis, A.** Nov 2016 *Journal of Economic Behavior and Organization*. 131, Part A, p. 166-182 17 p.
- Bargaining on your Spouse: Coasean and Non-Coasean Behaviour Within Marriage, **Skåtun, J. D.** 11 Oct 2016 *Journal of Family and Economic Issues*.
- Taxation, risk aversion, and the wage gaps in tournaments, **Skatun, J.** 7 Oct 2016 *Oxford Economic Papers*.
- Educational mismatch and retirement, **Bender, K. A. & Heywood, J. S.** 26 Sep 2016 *Education Economics*. p. 1-19
- Efficiency Effects of Access to Information on Small Scale Agriculture: Empirical Evidence from Uganda using Stochastic Frontier and IRT Models, **Abdul-Salam, Y. & Phimister, E.** 9 Sep 2016 *Journal of Agricultural Economics*.
- How effective are heuristic solutions for electricity planning in developing countries, **Abdul-Salam, Y. & Phimister, E.** Sep 2016 *Socio-Economic Planning Sciences*. 55, p. 14-24 11 p.
- Self-employment and the paradox of the contented female worker, **Bender, K. A. & Roche, K.** Aug 2016 *Small Business Economics*. 47, 2, p. 421-435 15 p.
- The Consequences of Fiscal Stimulus on Public Debt: A Historical Perspective, **McCausland, W. D. & Theodossiou, I.** Jul 2016 *Cambridge Journal of Economics*. 40, 4, p. 1103-1116 14 p.
- Economising, Strategising and the Vertical Boundaries of the Firm, **Leahy, D. & Montagna, C.** 17 Jun 2016 *B.E. Journal of Theoretical Economics*.
- Joint hypothesis tests for multidimensional inequality indices, **Abul Naga, R. H., Shen, Y. & Yoo, H. I.** Apr 2016 *Economics Letters*. 141, p. 138-142 5 p.
- Performance Related Pay, Efficiency Wages and the Shape of the Tenure-Earnings Profile, **Sessions, J. G. & Skatun, J. D.** 18 Feb 2016 *The Manchester School*.
- "Doctor my eyes": A natural experiment on the demand for eye care services, **Dickey, H., Ikenwilo, D., Norwood, P., Watson, V. & Zangelidis, A.** Feb 2016 *Social Science & Medicine*. 150, p. 117-127 11 p.
- Investment in oil exploration and production: The comparative influence of taxation, **Kemp, A. G. & Rose, D.** 3 Jan 2016 *Risk and the Political Economy of Resource Development*. Pearce, D. W., Siebert, H. & Walter, I. (eds.). Palgrave Macmillan, p. 169-195 27 p.
- The Politico-Economics of Electricity Planning in Developing Countries: A Case Study of Ghana, **Abdul-Salam, Y. & Phimister, E.** Jan 2016 *Energy Policy*. 88, p. 299-309 11 p.
- Economic Fluctuations and Crime: Temporary and Persistent Effects, **Bender, K. & Theodossiou, I.** 2016 *Journal of Economic Studies*. 43, 4, p. 609-623 15 p.