



UNIVERSITY OF ABERDEEN – DEPARTMENT OF ECONOMICS

Economics Update

Autumn 2014

IN THIS ISSUE

Welcome to the Economics Department

by Dr W David McCausland, Head of Economics

Welcome to the first Economics update! In this twice-yearly publication, we will highlight some of the recent developments in the department.

The department has twenty-five faculty members, and is part of Aberdeen University's Business School. The department has a strong research-led ethos. In the Research Assessment Exercise results of 2008, 100% of Economics research, was judged to be of international quality.

The Economics Department 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.

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 (last year's senior honours: 50 single and almost 80 joint-honours students). Our premium postgraduate MSc in Petroleum, Energy Economics and Finance has around 40 students, and is complemented by a new MSc Applied Economics programme and our established PhD programme.



Economics 2014 Prizewinners

Three outstanding undergraduate students were presented with prizes from the Department and from CELMR prior to graduation this summer



Research Update

Professor Keith Bender gives an overview of exciting research developments in the Department.

Undergraduate update

In the July 2014 graduations, we had a record number of students graduating successfully from our undergraduate MA Economics programme. Over 50 single and almost 80 joint-honours students successfully passed out. Our economics graduates have an impressive record of gaining employment in top companies, or proceeding to further study in some of the UK's most prestigious graduate schools. In recent years, around 93 per cent of our graduates were in work or further study six-months after graduation.

Economics 2014 Prizewinners

Chris Stapenhurst and Yajie Shen are this year's joint winners of the Economics Department Prize for the best performance at senior honours level.

Pictured (top) is Yajie Shen (on the right) being awarded the Departmental Prize for the best performance at senior honours level



(jointly with Chris Stapenhurst) by Dr W David McCausland, Head of Economics. Yajie obtained a first class single honours degree in Economics. Her performance at honours level was outstanding with every course being achieved at first class level. She will shortly be commencing postgraduate study at the London School of Economics. Chris Stapenhurst's (pictured on the right, previous page) performance was outstanding with every single course in his joint Economics and Mathematics degree being achieved at first class level. He is shortly

taking up an appointment with the Office for National Statistics in Newport.

ECONOMICS PRIZES

The Department awards two prizes annually to graduating students: the Economics Department Prize for the best performance at senior honours level and the CELMR Shedden prize for the best dissertation in labour economics.



Faculty update

The Department welcomed eight new colleagues in autumn 2013: Professor Catia Montagna, Drs Agathe Rouaix (pictured), Nikos Vlassis, Xin Jin, Mark Gronwald, Taka Kiso, Mauro Papi and Mona Chitnis. This significantly strengthened the Department's capacity in energy economics.

GRANTS UPDATE



ALCHEMIST

Professor Phimister (pictured) with Drs Kiso and Watson (HERU) are participating in the ALCHEMIST project bid, which, if successful, will advance the in-vehicle use of low cost, improved electrical energy and power delivery and management to future low carbon vehicle technologies.



GLOBALISATION

Professor Montagna has recently been awarded an ESRC NORFACE Welfare State Futures Programme award of £227k for her project on Globalisation, labour markets, and the welfare state.

FOR MORE INFORMATION

The Department of Economics may be contacted at:

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Professor Keith Bender is the Department's Director of Research. He has research interests in labour and health economics.

Funding Update

by Professor Keith Bender

Work continues on generating funding opportunities for research. The Energy group has been involved in several large cross-college grants such as an EPSRC grant investigating low carbon vehicles.

In addition, the labour-health group has been in discussions with the Impact research group in the medical school and submitted a joint grant to look at maternal diabetes prevention and treatment in Bangladesh and are in discussions with them regarding other potential collaborations.

Representatives from CELMR met with senior staff from HERU to talk about opportunities for joint research and will be holding a joint labour-health workshop in Autumn 2014 highlighting the research themes of both groups.

In total, the Department has 17 grant applications pending (see sidebar for an example) and 6 awarded or ongoing (see sidebar for an example).



Who's who in the department?

Head of Department: *Dr W David McCausland*

Secretary: *Peter Bartlam* (pictured)

Director of Research: *Professor Keith Bender*

Director of Teaching: *Dr Alex Zangelidis*

Examinations Officer: *Dr Heather Dickey*

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

Director MSc Petroleum, Energy Economics and Finance (PEEF): *Dr Marc Gronwald* (*Professor Euan Phimister* until January 2015)

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

Applications teams:

- AE (*Professor Catia Montagna, Drs Mauro Papi and Nikos Vlassis*)
- PEEF (*Professor Euan Phimister, Drs Marc Gronwald and Agathe Rouaix*)
- PhD (*Professor Ioannis Theodossiou and Dr Takahiko Kiso*)

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

Research Seminars Team: *Professor Keith Bender* (internal workshops); *Drs Yu Aoki, Mauro Papi and Nikos Vlassis* (external seminars)

CELMR: *Professor Ioannis Theodossiou* (Director), *Dr 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 Jeurgen 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: *Dr McCausland and Professors Theodossiou, Phimister, Bender and Montagna.*



CELMR

The Centre for European Labour Market Research (CELMR) has established a reputation for high quality and policy relevant research in labour market economics. The Centre has provides important services for its members. These include on-line data sets service, which permit substantial savings in data management time, and annual workshops, which disseminate new techniques and develop the knowledge base of its membership and associated workshops for the PhD research students aimed at improving their research outcomes and promoting their presentational skills. The Centre welcomes others from within the School and the wider University to contribute to and benefit from its activities and services.

For further information, please contact the Director of the Centre, Professor Ioannis Theodossiou theod@abdn.ac.uk



Postgraduate update

by Professor Catia Montagna

PhD Scholarships

There have been a number of successful and on-going bids to grow capacity through PhD scholarships.

1. Energy Technology Partnership (ETP) PhD Scholarships Bids. There are ongoing discussions with the Scottish Government Economics Service to provide support which would enable one or more to be submitted to ETP either in May or August.
2. PhD Studentship Competition - **Elphinstone Scholarships** (successful - see <http://www.abdn.ac.uk/cass/graduate/economics-333.php> for full details)
 - The impact of migration on regional inequality (Dickey/Theodossiou)
 - Feedback Effects of Financial Market Trading on Real Activities (Xin/Phimister)
 - Economic Impact Assessment of Emerging Low Carbon Vehicle Technologies (Kiso/Phimister)
 - Auction mechanisms in the energy market (Rouaix/Phimister)
 - The impact of regional environmental agreements on international trade and environmental quality (Vlassis/Montagna)
 - Valuing Flexibility in Energy-Related Investments Using Real Options (Gronwald/Swierzbinski)
 - A risk-return analysis of energy sector companies (Klinkowska/Kemp)
4. Discussions are ongoing with Computer Science colleagues

relating to a potential EPSRC/ESRC bid on Modelling Energy Markets

Postgraduate MSc update

The investment in new staff has enabled sufficient resource to develop a new **MSc in Applied Economics** with the associated MRes. This MRes provides a pathway for students without sufficient training in economics to undertake a PhD. This we expect to be especially important for PhD applications in the area of Energy Economics. It has also provided a new supply of PhD supervisors within Energy Economics.

Our premium postgraduate **MSc in Petroleum, Energy Economics and Finance** had around 40 students recently complete their projects, which cover a wide range of topics relevant to the economics of the petroleum and energy industries. Many of these had elements of industry engagement, which helped to provide the students with a real industry perspective.

IN THE NEWS



CELMR Prizewinner

Henry Aviomoh is the first recipient of the newly announced CELMR Shedden prize for the best dissertation in labour economics.

Pictured is Henry Aviomoh (on the right) being awarded the CELMR Shedden prize for the best dissertation in labour economics by Dr W David McCausland, Head of Economics. Henry's dissertation on the effects of the level of education on wages impressed the examiners.

Henry obtained a first class single honours degree in Economics and will shortly be commencing postgraduate study at UCL. The Centre for European Labour Market Research (CELMR) was established in January 2000 and since then has established a reputation for high quality and policy relevant research in labour market economics.



From the archives: 1994

The senior honours class photograph from 1994 features a number of current colleagues and a number who have since retired or moved to pastures new.

Workshops and Conferences

Dr Papi organised a one day **Experimental Workshop** on Friday 28 March 2014 at the Sir Duncan Rice Library (pictured).

The three invited researchers were top people in the field: Prof Syngjoo Choi (University College London), Prof Miguel Fonseca (Exeter), and Prof Miguel Costa-Gomes (St Andrews). The goals of the workshop were threefold. First, invite top researchers in the field to present their work. Second, showcase SEELs high quality research in this area, particularly that of our younger researchers.

Third, foster networking and establish research collaborations both within the University and with researchers from other institutions. The workshop is funded by the Business Schools Research Seminars Fund, the Principal's Interdisciplinary Fund, and the Economics Departments Fund.

CELMR, along with financial support from the Scottish Institute for Research in Economics, hosted a two day conference on **Performance Pay** in June 2013. Bringing together ten papers, including keynote addresses by Jed DeVaro (Cal State-East Bay) and David Marsden (LSE), this conference highlighted some of the newest and most innovative research on performance pay in economics. A Policy Forum, with representatives of the Scottish Government and Aberdeen City Council, was also held, discussing the challenges of implementing performance pay in the public sector.

CELMR is sponsoring, together with The Scottish Institute for Research in Economics, an upcoming conference

entitled **New Research in the Economics of Educational and Skills Mismatch** organised by Dr Harminder Battu. This two-day conference on the economics of educational and skills mismatch is to be held at the University of Aberdeen on 13-14 October 2014. Innovative theoretical and empirical contributions are featured with a focus on the reliability of measuring match quality, theoretical approaches to explaining mismatch, the determinants and consequences of mismatch for individuals and firms and the extent of mismatch during the financial crisis. The conference will be organised around two invited keynote speakers, around ten academic papers and a policy roundtable. The keynote speakers are Professor Peter Kuhn, University of California, Santa Barbara and Professor Michael Sattinger, State University of New York at Albany.

Professor Joseph Swierzbinski was an invited participant by the Royal Society on the application of interdisciplinary research methodology to cybersecurity research at the British Academy in London on 29 May 2014. This formed part of a Royal Society project to inform policymaking about cybersecurity research in the UK. The questions addressed by the project include (1) What are the major cybersecurity research challenges emerging in the next 5 to 10 years, and (2) What policy frameworks are needed in the UK to tackle these cybersecurity research challenges? The discussions are intended to help inform the project's findings and conclusions.



Economics Policy and Knowledge Exchange Steering Committee (EPAKE)

In February 2014, the department established a Policy and Knowledge Exchange Steering Committee. The aim of this committee is to facilitate inter- and multi- disciplinary research collaborations with other parts of the university, increase impact and generate grant income. Its primary function is as a point of contact for other parts of the university when they seek economics input, and to build research capacity. There is increased demand for economics input, especially from medical and science related projects, at a time when there is a decline in resources available from more traditional social science sources. Early contact with potential partners will enable the shaping of economics input to maximize REF impact. Widening participation, particularly of junior faculty, and the designing-in of research support (RFs or TFs) will help build research capacity, and will complement existing networks. Meetings are already in progress with colleagues in energy related areas (led by Professor Phimister), and in both HERU and with other colleagues in the IMMPACT project (led by Professor Bender).

The committee at present comprises Dr McCausland (Head of Department) and Professors Theodossiou, Phimister, Bender and Montagna.

Selected Publications

- The unintended consequences of the rat race: the detrimental effects of performance pay on health **Bender, K. A. & Theodossiou, I.** Jul 2014 *Oxford Economic Papers*. 66, 3, p. 824-847
- Where is Nepal in the Nutrition Transition?: (1970 - 2010) Subedi, Y. P., Marais, D. & **Newlands, D. A.** 3 Apr 2014 *Asia-Pacific Journal of Public Health*.
- Noncompensatory Consideration and Compensatory Choice: an Application to Stackelberg Competition **Papi, M.** Apr 2014 *Economic Theory Bulletin*. 2, 1, p. 53-63
- Income inequality and wellbeing: the plight of the poor and the curse of permanent inequality Cooper, D. J., **McCausland, W. D. & Theodossiou, I.** Dec 2013 *Journal of Economic Issues*. 47, 4, p. 939-958
- Satisficing and maximizing consumers in a monopolistic screening model **Papi, M.** Nov 2013 *Mathematical Social Sciences*. 66, 3, p. 385-389
- The economics of CO₂-EOR cluster developments in the UK Central North Sea **Kemp, A. G. & Kasim, S.** Nov 2013 *Energy Policy*. 62, p. 1344-1355
- Helping others or helping oneself?: International subsidies and the provision of global public goods **Abul Naga, R. H. & Jones, P.** Oct 2013 *Oxford Economic Papers*. 65, 4, p. 856-875
- The welfare consequences of pollution-tax harmonization **Vlassis, N.** Oct 2013 *Environmental and Resource Economics*. 56, 2, p. 227-238
- Income Redistribution and Public Good Provision: An Experiment Maurice, J., **Rouaix, A. & Willinger, M.** Aug 2013 *International Economic Review*. 54, 3, p. 957-975
- Employment Protection, Flexibility and Firms' Strategic Location Decisions under Uncertainty Dewit, G., Leahy, D. & **Montagna, C.** Jul 2013 *Economica*. 80, 319, p. 441-474
- Reciprocal Loyalty and Union Mediation Panos, G. A. & **Theodossiou, I.** Jul 2013 *Industrial Relations*. 52, 3, p. 645-676
- The temporary and permanent effects of unemployment on mortality in Europe **Bender, K. A., Economou, A. & Theodossiou, I.** 1 Jun 2013 *International Labour Review*. 152, 2, p. 275-286
- Educational mismatch and self-employment **Bender, K. A. & Roche, K.** Jun 2013 *Economics of Education Review*. 34, p. 85-95
- Turning lights into flights: Estimating direct and indirect rebound effects for UK households **Chitnis, M., Sorrell, S., Druckman, A., Firth, S. K. & Jackson, T.** Apr 2013 *Energy Policy*. 55, p. 234-250
- Unemployment, Labour Market Flexibility and Absenteeism: A Pan-European Study Livanos, I. & **Zangelidis, A.** Apr 2013 *Industrial Relations*. 52, 2, p. 492-515
- The Economics of Health and Safety at Work: An Interdisciplinary Review of the Theory and Policy Pouliakas, K. & **Theodossiou, I.** Feb 2013 *Journal of Economic Surveys*. 27, 1, p. 167-208
- Unionization, international integration, and selection **Montagna, C. & Nocco, A.** Feb 2013 *Canadian Journal of Economics/Revue canadienne d'économique*. 46, 1, p. 23-45
- Dietary Shifts in Nepal and its possible impacts on overweight and obesity Subedi, Y. P., Marais, D. & **Newlands, D.** Jan 2013 *Proceedings of the Nutrition Society*. 72, OCE5, 1 p.E320
- The perceptions of Scottish inshore fishers about marine protected areas Pita, C., **Theodossiou, I. & Pierce, G. J.** Jan 2013 *Marine Policy*. 37, p. 254-263
- Integration and Mobility of Eastern European Migrants in Scotland Shubin, S. & **Dickey, H. S.** 2013 *Environment and Planning A*. 45, 12, p. 2959-2979
- Real and Perceived Losses from Unemployment: a cross-country study **Bender, K. A., Neumann, R. M. & Skatun, J. D.** 2013 *Applied Economics*. 45, 25, p. 3625-3636
- Rural Homeownership and Labour Mobility in the United States Monchuk, D. C., Kilkenny, M. & **Phimister, E. C.** 2013 *Regional Studies*.