

SCHOOL OF ECONOMICS & FINANCE
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The School Newsletter is published three times a year on 1st July, 1st November and 1st March. It contains news of activities of school staff and postgraduates during the four months before publication.

The Newsletter is edited by the Head of School and the School Secretary. Any queries or items for publication can be sent to the School Secretary.

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David Ulph
Head of School

School of Economics & Finance
University of St. Andrews
Castlecliffe
St. Andrews
Fife KY16 9AL
Scotland, UK

tel: 01334 462420
fax: 01334 462444
email (secretary) : cm36@st-and.ac.uk

EDITORIAL

It is a great pleasure to be writing my first editorial for the Newsletter. I would like to thank you all for the very warm welcome that you have given me.

The first 6 months have been hectic as I got up to speed with developments in academia, Scotland and St Andrews. The biggest and potentially most far-reaching development is the launch of SIRE. We have already made excellent appointments to our 3 SIRE lectureships and, in recognition of the quality of the field we attracted, were allowed to make a fourth lectureship appointment. I welcome Fabio Arico, Marco Faravelli, Gonzalo Forgues-Puccio and Alex Trew to the School.

We have plans in hand to make exciting appointments to our 3 SIRE Chairs.

The RAE is our next immediate challenge, and I feel that we are in good shape, though there is still some work to be done.

We have successfully developed plans for a new M.Sc. in Analytical Finance and have ambitious plans for further M.Sc. courses in the Finance area.

We face some medium term challenges, not the least of which is raising more research income. To give us greater opportunities for doing so, I have tried to create some new focus to the School's research and we will have to keep this under active review to see whether this delivers our aims. But we have already launched a new annual workshop in Applied Microeconomics, with this year's theme being "The Family and the State".

I have introduced a series of Awaydays to give the School the opportunity to reflect together on some of the challenges we face.

Finally I am delighted to remind you of the prize that Dr Osiris Parcero won from the European Commission for the best PhD thesis across Europe in his topic area.

David Ulph

PUBLICATIONS

1st June 2006– 31st January 2007

Damjanovic, T., On The Possibility of Pareto-Improving Pension Reform, *The Manchester School* **74-6**, 741-754, December 2006

Fakhfakh, Fathi., **FitzRoy, F.**, ‘Dynamic Monopsony: Evidence from a French Establishment Panel’, *Economica*, **73**, 533-47, 2006

Reid, G.C., *The Foundations of Small Business Enterprise: an entrepreneurial analysis of small firm inception and growth*, 426, Routledge, London, 2007

Reid, G.C., ‘Not a memo more’, *Critical Perspectives on Accounting*, **17**, Issue 8, 1066, December 2006

Reid, G.C., and Smith, J.A., ‘Practitioner views on financial reporting for smaller entities, *CRIEFF discussion paper, School of Economics & Finance*, No. 0701.

Senay, O., with **Sutherland, A.**, ‘Can Endogenous Changes in Price Flexibility Alter the Relative Welfare Performance of Exchange Rate Regimes?’ in Clarida, Frankel, R.H.J.A., Giavazzi F., and West, K.D., (eds) *International Seminar on Macroeconomics*, Cambridge: MIT Press, 371-400, 2004

Sutherland, A., ‘The Expenditure Switching Effect, Welfare and Monetary Policy in a Small Open Economy’ *Journal of Economic Dynamics and Control*, **30**, 1159-1182, 2006

Lombardo, G., and **Sutherland, A.**, “Policy Instrument Choice and Non-Coordinated Monetary Policy in Interdependent Economies” *Journal of International Money and Finance*, **25**, 855-873, 2006

Devereux, M.B and **Sutherland, A.**, “Solving for Country Portfolios in Open Economy Macro Models” Centre for Economic Policy Research Discussion Paper No 5966, 2006

CONFERENCES ATTENDED

1st June 2006– 31st January 2007

John Beath

- attended SGPE conference at Dunblane on 11th - 12th January 2007

Arnab Bhattacharjee

- attended the 13th International Conference on Panel Data, and presented a paper titled 'Estimation of the Spatial Weights Matrix in the Spatial Error Model, with an Application to Diffusion in Housing Demand', (joint paper with Chris Jensen-Butler), Cambridge 7th - 9th July 2006 and presented the same paper at the 61st European Meeting of the Econometric Society, Vienna, Austria, 24th – 28th August 2006
- attended the 17th EC² Conference on 'The Econometrics of Monetary Policy and Financial Decision Making'; Rotterdam, The Netherlands and gave a plenary talk on "Taking Personalities out of Monetary Policy Decision Making? Interactions, Heterogeneity and Committee Decision-making in the Bank of England's MPC". (joint paper with S. Holly) December 2006
- attended Joint Statistical Meeting and International Conference on Statistics, Probability and Related Areas, Cochin, India; gave an invited talk on "Bayesian Analysis of Hazard Regression Models under Order Restrictions on Covariate Effects and Ageing", (joint paper with M. Bhattacharjee) , January 2007

Tatiana Damjanovic

- presented a paper on "Optimal Time Consistent Monetary Policy" at the Economics Workshop in Edinburgh, 30th October 2006
- attended ESRC/HMRC Public Economics Conference, Institute for Fiscal Studies London and presented "Does More Progressive Tax Make Tax Discipline Weaker", 14th-15th December 2006

Vladislav Damjanovic

- presented a paper 'On Aggregation, Heterogeneous Agent and State-dependent Pricing' at the European Meeting of the Econometric Society 24th - 28th Vienna, August 2006

Christian Ewald

- attended Annual Conference of the German Mathematical Society in Bonn, Germany and presented a paper entitled 'Malliavin differentiability of the Heston volatility and applications to Option pricing' 17th – 23rd September 2006

Laurence Lasselle

- presented “Ramsey tax in imperfect competition” at the ASSET meeting in Lisbon, Portugal, November 2006

Helmut Rainer

- attended IFAU/IZA Conference Labour Market Policy Evaluation, Uppsala, October 2006

Gavin Reid

- attended the annual conference of the European Association for Research in Industrial Economics (EARIE), and promoted new ESRC project Seminars in Accounting, Finance and Economics (SAFE), Amsterdam, 24th - 27th August 2006
- attended a conference on ‘Information for better markets’ ICAEW headquarters, Moorgate, London, 18 December 2006

Gary Shea

- presented a paper “Understanding financial derivatives during the South Sea Bubble: the case of the South Sea subscription shares” at the Economics Department, Pompeu Fabra University, Barcelona, 30th October 2006

Ian Smith

- attended the annual Association of Christian Economists conference at Sidney Sussex College and presented a paper on the ‘Economics of Miracles’, Cambridge, July 2006

Alan Sutherland

- presented at the Bank of England, International Monetary Fund, US Federal Reserve Board, Georgetown University, John Hopkins University and the European Central Bank the following paper: Devereaux, M.B., and Sutherland, A., 2006

Christoph Thoenissen

- presented a paper 'Real exchange rate volatility and asset market structure' at the University of Dortmund, July 2006.
- visited the Bank of England and presented a paper 'Real exchange rate volatility and asset market structure', September 2006
- attended the MMF Conference in York and presented the following paper: Bhattacharjee A., Thoenissen C., 'Money and Monetary Policy in Dynamic Stochastic General Equilibrium Models', August 2006
- attended the Verein fuer Socialpolitik Conference in Bayreuth and presented the following paper: Bhattacharjee A., Thoenissen C., 'Money and Monetary Policy in Dynamic Stochastic General Equilibrium Models', September 2006

OTHER ACTIVITIES

1st June 2006–31st January 2007

John Beath

- paid site visits to Swansea LHB, Maidstone NHS Trust and NHS Tayside to meet with NHS staff and managers on the Doctors' and Dentists' Pay Review Body, June, July and August 2006
- took part in Doctors' and Dentists' Review Body: meetings in London to take evidence from BMA, BDA, DoH and Health Ministers and Secretary of State on 13th and 27th November, 4th, 11th, 16th, 22nd December 2006 and 15th, 22nd and 29th January 2007.
- undertook a review of research in Economics at the University of Manchester, June 2006
- attended three meetings at Oxford University in connection with membership of the Board of Electors to chairs in the Department of Economics, June 2006
- attended a dinner addressed by Mervyn King, Governor of the Bank of England, in Edinburgh, 12th June, organised and hosted his visit and talk to the School, 13th June 2006
- chaired meetings of the Board in August and October and led a team that met with the Minister of State at Stormont Castle to discuss funding matters
- was external examiner for a PhD at the University of Essex, July 2006
- attended a meeting between Review Body chairs and senior members and an HM Treasury team, London, 4th July 2006
- was an external member of the panel reviewing the School of Human Sciences at the University of Surrey, 27th - 28th July 2006
- attended a meeting between Review Body economists and HM Treasury economists to discuss pay drift in the public sector, 1st September 2006
- gave a brown bag workshop with Felix FitzRoy on joint research on "A Relative Income Approach To Happiness", 20th September 2006
- attended first meeting as external examiner on taught MSc degrees in Economics at the University of Mauritius, 24th -29th September 2006
- acted as an examiner on the ESRC PhD studentship scheme and was an assessor on the panel on ESRC postdoctoral fellowships. The latter involved a one-day meeting at the Royal Society in London.
- finished terms of office as external examiner on undergraduate degrees at the University of Stirling and the London School of Economics.
- represented ERSC on postdoctoral fellowship panel in London 30th - 31st October 2006
- gave seminars in Stirling, 7th November and Lancaster 23rd November 2006
- attended N. Ireland agreement talks on 12th - 13th November at St. Andrews Bay.
- External reviewer on University Review of Economics Department at Edinburgh University, 16th -17th November 2006
- gave a talk to the Economics Society in St Andrews 29th November 2006
- External reviewer on Economics research at Queen Mary, University of London, 12th -13th January 2007.

Arnab Bhattacharjee

- attended Launch Event for the Scottish Housing Economics & Finance Research Network, at the University of Glasgow, 15th June 2006
- visited University of Cambridge to do research work, July 2006
- visited the University of Aveiro, Portugal, November 2006
- attended City University of New York, USA, December 2006
- visited the Indian Statistical Institute, Kolkata, India, January 2007

Helmut Rainer

- gave a seminar presentation at the Department of Economics, University of Birmingham, November 2006

Gavin Reid

- acted as External Examiner, Department of Economics and Finance, University College Cork, and undertook joint research work with Bernadette Power on options reasoning applied to small business strategy, and performance of long lived small firms, 7th - 11th June 2006
- was research visitor to the national research centre MRSH, and the Faculty of Economic Science, Development and Business Administration, University of Caen, having discussions with MRSH staff and faculty members and presenting papers on: "Venture Capital Investor Behaviour in The Backing of UK High Technology Firms, Financial Reporting and Its Impact On The Level of Outside Equity Investment, And The Testing of Real Options Logic In Small Business Strategy". 18th - 20th June 2006,
- acted as external examiner in the Judge Business School, University of Cambridge, 27th - 28th June 2006.
- visited University of Calgary, Alberta, 12th -14th July, and 30th July-2nd August 2006
- attended Board Meeting, as President, of the Institute of Contemporary Scotland (ICS), Bridges Programme, Bridgeton, Glasgow, 16th August 2006.
- presented a lecture on small entrepreneurial firms to the English Language Teaching (ELT) unit, University of St Andrews, 31st August 2006.
- attended the Supervisor Update training session, North Haugh, University of St Andrews, 13th September 2006.
- attended, as demitting President, the AGM of the Institute of Contemporary Scotland (ICS), Pentagon Centre, Glasgow, 18th September 2006.
- acted as External Examiner, Durham Business School, 27th October 2006
- attended a meeting for Scottish ESRC grant-holders on their research dissemination publication, 'The Scene', with presentations by Ian Diamond and Sir John Elvidge, Holyrood, Edinburgh, 7th November 2006
- as Chairman, launched the new Seminars in Accounting, Finance and Economics (SAFE), at the Royal Overseas League, St James, with presentations by Professors Mark Taylor (Barclays Global, Warwick), Geoff Whittington (Cambridge), Pauleen Wheetman (Strathclyde) and Geoff Meeks (Cambridge). This is sponsored by the ESRC, based on a grant held jointly with Dr J A Smith, Strathclyde Business School, 20th December 2006,

CRIEFF NEWS

Vandana Ujjual, who started work in CRIEFF, in July 2003, on a ScotEcon. Net sponsored project on high technology clusters in Scotland moved to Australia at the end of August 2006 with her family. She is well remembered as a cheerful presence, who was generous in her hospitality, and a good team player in CRIEFF and in the School of Economics & Finance. We wish her all the best in Australia, and look forward to seeing her back as a visitor.

Eilidh Reid assisted on the postal questionnaire part of the ESRC project on financial reporting over the period 4th - 8th September 2006.

Dr. J. A Smith was a visitor to CRIEFF, 11th August, 8th - 15th September 2006, working with Gavin Reid on their financial reporting ESRC project, and on their forthcoming Routledge book on *Risk Appraisal and Venture Capital in High Technology New Ventures*.

Dr J A Smith of Strathclyde Business School was a visitor to CRIEFF 4th - 5th January 2007, 11th - 12th January 2007, 18th - 19th January 2007 working with Gavin C Reid on the final draft of a new book on *Risk Appraisal and Venture Capital in High Technology New Ventures*, Routledge (forthcoming).

POST-GRADUATE NEWS

1st June 2006– 31st January 2007

Forty-nine students enrolled for the MSc in Finance, and twenty-three for the MSc in International Strategy & Economics (ISE). In the MSc in ISE programme we have one OSI/Chevening scholar: Ismoil Khujamkulov; and another scholar sponsored by the Kazakstani government Aisaule Tuyakova (she is the winner of the Bolashak National Contest). In the MSc in Finance programme we have one RUSSR scholar: Germaine Bampire. This year's research postgraduate complement is twenty three doctoral students. The new entrants included Adnan Seric and Nicola Searle (formerly MSc in ISE) who both received CRIEFF PhD Scholarships, Ansgar Rannenberg who received a CDMA PhD Scholarship, and Walailuck Chavanasorn, who received a Royal Thai Government Scholarship (joining Suwanee Arunsawadiwong who holds one currently)

PERSONAL

1st June 2006–31st January 2007

Arnab Bhattacharjee

- my wife (Madhu) and I were delighted with the birth of our baby son, Ausija, 3rd August 2006.

Christian Ewald

- obtained a travel grant from the "Deutsche Forschungs Gesellschaft" .

Gavin Reid

- received a grant (jointly with Dr J A Smith) of £15, 444 from the Economics and Social Research Council (ESRC) for a project launching a new research network called Seminars in Accounting, Finance and Economics (SAFE). Gavin will chair this network. The principal aim of SAFE is to develop areas of mutual interest in the economics, accounting & finance area, in order to develop a cohesive, shared research framework.