Many congratulations to our Economics graduates, who processed together with Politics and International Relations students on Wednesday 6th July 2016. As we weren’t restricted by the ‘no hats in the air’ debacle, we enjoyed celebrating, although William (centre) did have one hat land on his head… The departmental prizes awarded were as follows - The Head of Department Prize for Excellence going to Brittney (Thien) Nguyen, The Department Prize for Academic Excellence to Louise-Jayne Watts, The Joint Prizes for Academic Excellence to James Hart and Rachel Hampton, and the Peter Hart Prizes for Outstanding Contribution to the Department to Harry Martin, Megan Sullivan and Louise-Jayne Watts.

Prizewinners (l-r) Brittney Nguyen, Louise-Jayne Watts, Megan Sullivan and James Hart (Rachel Hampton and Harry Martin not pictured).

HEAD OF DEPARTMENT LETTER

By Professor Giovanni Razzu

It is already the end of the Autumn Term, the first term in my new role as Head of Department - taking over from the excellent work Marina did in the past three years - and a lot has happened. We have welcomed a record number of undergraduate students: a major achievement in a very competitive environment, testimony of the Department’s strong reputation and record on teaching and research. Some of the latter is presented in this newsletter: do have a look at the fascinating research by Dr. Biavaschi on the impact that migration has on sending and receiving countries, as well as globally. Macroeconomics research is also growing strongly: Dr. Mihailov tells us some of the developments and collaborations he has been establishing across Europe. And of course, our collaboration with NUlst is approaching an important time we are all looking forward to: in fact, the first cohort of NUlst-Reading students will join the Department for the final year of studies in September 2017. In the meantime, three of our colleagues will travel to NUlst again in the Spring term and they will be accompanied by two economics students. We will keep you updated on these developments in future newsletters. In the meantime, do have a wonderful Christmas break and happy New Year.
PLACEMENT NEWS

Vicki Wiles, Placement Coordinator

The Economics Department currently have 15 single honours students nearing the halfway point of their one year placements. I am looking forward to visiting those students for their mid-term placement reviews at Agri SGJ Ltd, Coca Cola, the Foreign and Commonwealth Office, HM Revenue and Customs, HM Treasury, Nationwide, the Office for National Statistics, Ofgem, RWE, Uniper, Vocalink, Volkswagen Financial Services and Worcester Bosch Group.

For the current second year Economic students considering a year out, there are still many one year placements being advertised for 2017/18, so please let me know if you would like any help with your applications.

NEW DEPT. REPRESENTATIVES

By Vivien Burrows

Congratulations to our newly elected Course Representatives!

Five students from each undergraduate cohort, together with three Masters students, have taken on the role of course representatives for the current academic year. As course reps, they provide a vital link between the student body and academic staff, ensuring the student voice is being heard and contributing to improving the quality of teaching and learning in the Department.

This year’s course representatives are: Daniel Robertson, Ivan Dobrev, Lucy Dowell, Olamide Oshodi and Zoe Braddick for Part 1; Karim Helbawi, Klaudia Wlazlo, Rachel Strachan, Richard Whitford and Ugonma Onyenkpa for Part 2; Aron Buxton, Emma Lobo, Helen Bonney, Michael Georgiev and Rheanna Norris for Part 3; and Mohamed Alashmar, James Winrow and Megan Sullivan for Masters.

So, if you have any comments or questions about your programme, particular modules, or life in the Department in general, please make sure you let one of your course reps know!

NUIST NEWS PART1

By Dr Andi Nygaard

The first NUlST-Reading cohort has now started their final year in China. In September 2017 a group of these students will arrive in Reading. For the students this will be the first time many of them travel outside China, though Chinese students are in many ways more familiar with UK affairs and society than may be the case for the average British student. For the Department this will mark a significant change in the international profile of our degrees and of the student body. (Pictured right, NUlST Campus photo from Nanqi Hotel)

At the teaching visit in November 2016 preparation, curiosity anticipation (to see familiar lecturers and students) and perhaps also some concerns about this event were clearly evident. In addition to their usual curriculum, the final year cohort was, for one week, taught the Economics of Crime by Dr Nygaard. For students this involved thinking about crime in a dispassionate manner and analysing it as an economic activity – for the lecturer it provided a welcome, and interesting, opportunity to consider what crime is. After all, laws are administrative rulings – and China has a different administrative tradition to those of many western market economies. Group analysis grappled with the analysis of public and private corruption in China and the impact of the One Child Policy on crime rates.

HENRY MAYERS LECTURE

Dr Ken Dark gave the 2016 ‘Henry Myers Lecture’ of the Royal Anthropological Institute (RAI) at The British Museum on Friday 30th September. The bi-annual Henry Myers Lecture is one of the most distinguished named lectures of the RAI, and past lecturers include famous scholars such as Mary Douglas, Claude Lévi-Strauss and Joseph Needham.

PLANT

By Dr Sarah Jewell

Dr Sarah Jewell’s PPlanT application was successful. In conjunction with Costanza Biavaschi and Vicki Wiles (as school placement officer) and a group of students (lead student is Lena-Katharina Gerdes), we have received funding to examine research and quantitative skill gaps in economics. The project will involve student focus groups, discussions with employers and evaluation of current module content and curriculum design. The project takes place in the spring with the project to be completed in June 2017.

HAVE YOUR SAY

Looking for writing experience? Want to share something you’ve achieved? Write for us! Contact Miss Kerry Foley, SPEIR Events: k.j.foley@reading.ac.uk
STAFF RESEARCH PAPER

By Costanza Biavaschi

New research paper from departmental staff: Does skill-biased migration have global benefits?

Around the globe there seems to be a universal concern about the skills of migrants. Countries that experience high emigration are worried about who leaves, often fearing that doctors rather than nurses or engineers rather than mechanics leave the country. On the other hand, most rich countries are worried about who comes. Politicians and voters alike tend to favor the immigration of doctors and engineers over the one of nurses and mechanics. In fact, the data show that there is a significant skill bias in global migration. From the average sending country, tertiary-educated people are four times more likely to emigrate than less-skilled people.

The effect of migration on welfare or some parts thereof, such as wages, employment or economic growth, has been a central topic in economics for over 40 years. However, most studies consider single countries in isolation. While such research is informative about the impact of immigration on the wages of American or British workers or the impact of emigration on growth in African countries, it neglects the global dimension of migration. The same immigrants that people are so worried about in most OECD countries may also affect people who stay behind in the countries of origin. A new paper by Dr Costanza Biavaschi (U Reading), Dr Michal Burzynski (U Luxembourg), Dr Benjamin Elsner (IZA) and Dr Joel Machado (U Luxembourg) takes a global perspective by quantifying the welfare effects of the skill bias in migration around the world.

The authors build a stylized model of the world economy that allows them to simulate what the world would look like if there was the same number of migrants but no skill bias in migration. As shown in Figure 3, the skill bias in migration makes non-migrants in OECD countries better off. In the current world, a larger number of high-skilled migrants live and work in the OECD, which leads to a higher per-capita income compared to a world in which all migrants have the average skills of their countries of origin. In the main sending countries (i.e. non-OECD countries), the average non-migrant loses from the skill bias in migration. Overall, however, the positive effect per person in the receiving countries exceeds the negative effects in the sending countries such that the global effect is positive.

This analysis shows that, from a global perspective, skill-biased migration is a good thing. More high-skilled migration means that talent is allocated more efficiently across the globe. A higher number of productive people are working in countries where they can be most productive, which increases global welfare.

NUIST NEWS

PART 2

In these newsletters we have reported a number of times on the first NUIST-Reading cohort. By now there are, however, 3 cohorts of NUIST-Reading students. As part of their English training (for many students attaining the required IELTS score stands as the greatest hurdle to coming to Reading) these students were encouraged to think of questions they would like to ask Reading staff.

Will we have a full timetable or do we manage our own time?

In China attendance at higher education is much more like school. For a 10 credit module NUIST students spend 48 hours in a classroom. By comparison UoR students typically spend 10–15. It follows that NUIST students are less used to independent work. For a small number of students that have attended summer schools internationally this is often the biggest adjustment – so much time (expected) in the library.

Are we allowed to do part-time work in the UK?

Immigration rules and working rights are controversial in the UK. Typically things are getting more restrictive. International (non EU/EEA) students may work up to 20 hours per week – unrestricted outside term time.

How much is a typical meal on campus and are there any Asian shops if we want to cook ourselves?

Meals on the NUIST campus are very inexpensive. For Yuan 6–10 (ca 60–100 pence) you typically get a very substantial feed. (The average weekly wage in China is ca £120, in the UK ca £500). Our impression is that students mostly eat out, rather than cook their own meals. Food is important to the students and at least one example of trade in services has arisen around food: one of the students has traded tutoring another student in economics for the other student preparing some meals when they live in Reading. One of them was encouraged by learning that there are a number of good Asian grocers in Reading.
NUIST NEWS PART2 (CONT.)

Each year the Department of Economics finances an opportunity for UoR students to travel to China and share their expert knowledge of life (and study) in Reading.

MACROECONOMICS WITHIN THE DEPARTMENT

On 11 November 2016, Dr Alexander Mihailov delivered a talk on the state of macroeconomics as a subfield of ongoing debate and paradigm challenge, entitled “Macroeconomics and Reality: Back to Square One”. The talk had to be topical, as it was part of the Reading University Economics Society (RUES) lecture series, but also intentionally provocative, as it was combined on this occasion with the weekly “Conversations in Economics”. The lecture highlighted the controversies, breakthroughs and cycles in macro-thinking and macro-modelling since the 1970s through the Global Financial Crisis of 2007–2008 and up to the present day. It outlined the dark/denial viewpoint, in particular Romer (2016), as well as the evolutionary-affirmative viewpoint, in particular approaches to extend the theory of expectations formation to more realistic forms of imperfect knowledge under bounded rationality and learning to replace the extreme assumptions of complete information, rational expectations and representative agent (by sector in the macroeconomy) dominating until recently (mostly for the sake of parsimony and tractability in an initial, “benchmark” dynamic-stochastic general equilibrium modelling, estimation and simulation), as in Adam and Marcet (2011). The lecture updated the attending students and colleagues on the recent and current weaknesses and innovations in the subfield of macro, and generated interesting questions and discussions.

References

Together with Etienne Farvaque (Université de Lille 1) and Philipp Harms (Johannes Gutenberg-Universität Mainz), Alexander Mihailov has initiated earlier this year the annual European Workshop on Political Macroeconomics (EWPM). The launch, with the 1st EWPM, was on 29–30 March 2016 at Johannes Gutenberg-Universität Mainz, and we are delighted to announce that the 2nd EWPM is to be held on 9–11 October 2017 at our University. The goal of the EWPM is to bring together economists with a strong interest in political economy and macroeconomics. The workshop provides an opportunity to present one’s own work, but also – and more importantly – to create a productive atmosphere to discuss potential joint projects at this novel intersection of major fields of economics with immediate and challenging policy relevance at national and international levels.

In support of our University’s Prosperity and Resilience theme, the Economic Analysis Research Group (EARG), the International Centre of Housing and Urban Economics (ICHUE) and the School of Real Estate and Planning (REP) have joined forces over the summer and autumn in a Reading team of 8 economists who form part of large interdisciplinary and interinstitutional grant bid (11 UK universities and the University of Amsterdam) on an ESRC Network Plus “Understanding the Macroeconomy” led by the Money Macro and Finance (MMF) Research Group. The Reading team will be heavily involved in the research programme (or subnetwork) on “Household Finance and Markets” (one of six). Within this subnetwork, EARG, ICHUE and REP will concentrate particularly on the relationship between the macroeconomy and housing markets, adopting four novel approaches: (i) the integration of traditional macroeconomic and microeconomic approaches to housing with agent-based models; (ii) the development of new housing models under uncertainty; this work is concerned with formally incorporating risk into more traditional housing models as a contribution to macro stabilisation policies; (iii) the development of institutional and historical approaches to housing; (iv) the extension of macro-models to considering the effects of mortgage debt and housing under forms of bounded rationality and learning as well as to incorporating other behavioural features. Moreover, the three groups will also be involved in some of the projects in the “New Modelling” research programme (or subnetwork), particularly in two themes: (i) heterogeneous modelling and the macroeconomics of inequality; (ii) the implications of housing market instability for macroeconomic stabilisation policy in both agent-based and behavioural frameworks, as well as within their possible synthesis in extended general equilibrium models. We wish our colleagues good luck at the final round of the ESRC competition.
KEEP IN TOUCH...

Department of Economics at University of Reading

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