

Cambridge-INET Institute

Newsletter Spring 2013

Introducing the Institute

Economists at the University of Cambridge have joined forces with the New York-based Institute for New Economic Thinking (INET) to advance innovative approaches to understanding how our economy and the associated financial system really work.

In the context of financial contagion, persistent unemployment, rising inequality and intense pressure on government budgets, economists around the world recognize that conventional doctrines and models need to be reassessed.

INET was created to facilitate this critical enquiry and broaden and accelerate the development of economic thinking that can lead to solutions for the great challenges of the 21st century.

The Cambridge-INET Institute is being set up through a \$ 3.75 million grant from the INET that has been matched 1:1 with funding from The Keynes Fund for Applied Economics, Mohammed El Erian, the Cambridge Endowment for Research in Finance, The Isaac Newton Trust and the Faculty of Economics.

Cambridge Faculty members are at the forefront of new economic thinking about individual behavior, the networks that shape economic exchange, the econometric analysis of financial markets, and the transmission mechanisms which relate the financial sector to the rest of the economy.



The support which went into the setting up of the institute – from INET itself and other matched funding – is recognition of the quality and importance of our research. It will help us to consolidate further the status of the Faculty as a leading centre for fundamental research in economics.

The Cambridge-INET will support doctoral research through PhD studentships, appoint a number of post-doctoral fellowships, host leading international economists, sponsor major conferences and provide seed funding for cutting-edge research projects.

The Institute started its activities in September 2012. This Newsletter gives you an overview of our activities since then.



Prof. Sanjeev Goyal
Director

Cambridge-INET Institute

New Postdoctoral Fellows

We are delighted to announce the appointment of three new fellows, beginning Autumn 2013.



Vessela Daskalova

"My interests are in the areas of microeconomic and game theory. My PhD thesis was motivated by questions related to discrimination. In it I explored the role of social identity for the decisions that people make, as well as the usage of mental categories to make optimal decisions. A recurring theme in my projects has been how the attempt to coordinate with others affects individual behaviour."

Vessela joins us from Queen Mary, University of London.



Anja Prummer

In my research I focus on social networks with an application to political economy, labor, and cultural leadership.

I build theoretical models that incorporate social network components and have testable empirical implications.

Anja joins us from European University Institute, Italy.



Hui Jun Zhang

My research focuses on the statistical analysis of causality and volatility in econometrics with financial applications. It involves theoretical and empirical studies of multi-horizon second-order causality, linear estimation of weak GARCH models, commodity price-exchange rate causality with high-frequency data, and historical evolution of volatility forecast skill. I am also interested in employing econometric methods to investigate monetary policy issues.

Hui Jun joins us from McGill University, Canada

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Major Conference

ESRC/Cambridge-INET Conference on Networks December 2012

The economic study of networks is a very exciting field of research currently. A major reason for this excitement is the practical problems -- contagion in financial markets, security in interconnected systems, targeting scarce resources in public campaigns and viral marketing, social segregation and inequality -- that the research is seeking to address.

This practical motivation informs the methodology of research: we see a mix of theoretical and applied work. And the subject is attracting some of the best young minds in the profession. The programme and list of participants of the Cambridge-INET conference reflected the excitement in this field.

The papers presented in the conference ranged broadly in methodology (across theory, experiments and econometrics) and in the fields of application (finance, development, industrial organization, marketing, and labour economics).

The conference brought together world leading senior and junior researchers, and a large number of graduate students.

In all, there were 18 talks spread over 3 days and over 50 participants.

The speakers and the participants came from all over the UK, many parts of Europe and North America.

The Conference was jointly sponsored by Economic and Social Research Council (ESRC) and the Cambridge-INET Institute. It was organized by Professors Marcel Fafchamps (Oxford), Andrea Galeotti (Essex) and Sanjeev Goyal (Cambridge). The administrative support for the conference was provided by Mrs. Sharon Swann, at the Faculty of Economics in Cambridge.

The programme and list of participants can be found at:

http://www.econ.cam.ac.uk/CIIT/events/networks_conf12.html

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Seed Funding

New initiative to encourage frontier research in Economics

The Cambridge-INET Institute Seed Funding initiative accepts applications throughout the year and seeks to provide a swift response to support pilot and exploratory work. The initiative awards up to £3,000 per project on the basis that the work has a clear path to generating larger grant applications to external sponsors and fits within the remit of the Institute.

We have had five applications to the Cambridge-INET Seed fund, three of which have been supported.

Successful Applications

Dr. Pramila Krishnan (Cambridge, Economics)	Observational Learning in Consumer Products	Awarded £4,000 Dispensation given by Institute management committee
Prof. Raghavendra Rau (Cambridge, Judge Business School)	Local bias in the issue of self-issued bonds	Awarded £3,000
Prof. Toke Aidt (Cambridge, Economics)	Subsidy to the European Public Choice Society Annual Meeting	Awarded £3,000 Recognition of support will be given in the programme and on the event website.

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Conferences and Workshops

December 2012	ESRC/Cambridge-INET Conference on Networks Organisers: Prof. Sanjeev Goyal (Cambridge) Prof. Marcel Fafchamps (Oxford) Prof. Andrea Galeotti (Essex)
March 2013	Workshop on Networks Organiser: Prof. Sanjeev Goyal (Cambridge)
June 2013	ERC/Cambridge-INET Conference on Nonparametric Methods Organiser: Prof. Oliver Linton (Cambridge)
July 2013	Microeconomics Workshop Organiser: Prof. Sanjeev Goyal (Cambridge)
Autumn 2013	Macroeconomics Conference Organiser: Prof. Giancarlo Corsetti (Cambridge)
December 2013	Microeconomic Theory Conference Organiser: Prof. Hamid Sabourian (Cambridge)

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Lectures and Seminars

March 2013	<p>Steven Durlauf (Wisconsin) Lectures on Social Interactions</p> <p>Benjamin Golub (Harvard) Learning in Networks</p> <p>Matthew Elliott (Caltech) Networked Markets</p>
April 2013	<p>Carlo Cottarelli (IMF) The Outlook for Fiscal Adjustment in Advanced Economies</p>
May 2013	<p>Enrico Perotti (Amsterdam) Systemic Liquidity Risk and Shadow Banking</p> <p>Shmuel Baruch (Utah) Strategic Liquidity Provision in Limit Order Markets Flickering Quotes</p> <p>Larry Samuelson (Yale) Reputations in Repeated Games Dynamics of Inductive Inference in a Unified Model</p> <p>Michael Woodford (Columbia) Efficient Perceptual Coding and Reference-Dependent Choice</p>

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Visitors 2012-13

October 2012	Gary Charness	<i>Santa Barbara</i>
November 2012	Yuichi Kitamura	<i>Yale</i>
March 2013	Steven Durlauf	<i>Wisconsin</i>
	Matthew Elliot	<i>Caltech</i>
	Jesus Fernandez-Villaverde	<i>Pennsylvania</i>
	Benjamin Golub	<i>Harvard</i>
May 2013	Timo Hiller	<i>Bristol</i>
	Shmuel Baruch	<i>Utah</i>
	Larry Samuelson	<i>Yale</i>
June 2013	Michael Woodford	<i>Columbia</i>
	Jean-Marie Dufour	<i>McGill</i>
	Haim Levy	<i>Ramat Gan</i>
July 2013	Stephen Morris	<i>Princeton</i>

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Visitors 2013-14

October 2013	Doyne Farmer	<i>Oxford</i>
	Shachar Kariv	<i>Berkeley</i>
November 2013	Kaylan Chaterjee	<i>Penn State</i>
December 2013	Andrew Patton	<i>Duke</i>
March 2014	Duncan Watts	<i>Microsoft Research</i>
	Adam Szeidl	<i>Budapest</i>
April 2014	Maureen O'Hara	<i>Cornell</i>
	David Easley	<i>Cornell</i>
May 2014	Matthew O. Jackson	<i>Stanford</i>
2014	Arun Chandrashekar	<i>Stanford</i>
2014	Thomas Palfrey	<i>Caltech</i>

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