

<p>Institution: London School of Economics and Political Science</p> <hr/> <p>Unit of Assessment: 18: Economics and Econometrics</p> <hr/> <p>a. Context</p> <p>One of the founding principles of the LSE was the ‘betterment of society’ and real-world engagement has always been an important part of its mission. Engaging with the world outside academia and producing first-rate research have been and continue to be distinctive features of the Economics Department. A great deal of research has had significant relevance for government departments, policy makers in developing countries, central bankers, multilateral organizations and firms. These participate both as audiences and direct beneficiaries, as described throughout this document.</p> <p>The main vehicles through which economics research at the LSE has led to valuable impacts on non-academic beneficiaries are the research centres associated with the Economics Department. These are the Suntory Toyota Centres for Economics and Related Disciplines (STICERD), the Centre for Economic Performance (CEP), the International Growth Centre (IGC), and the Centre For Macroeconomics (CFM), focused on macroeconomic research and policy. The UoA has achieved significant impact in many areas including (<i>inter alia</i>): happiness and well-being, labour market reforms and minimum wages, tax policies and tax reform (in Europe and Asia), economic growth in low-income countries (including industrial policy in East Africa), climate change legislation, health care reforms, and education policies.</p> <p>Research active faculty in economics are affiliated with one or more of the centres. These provide both financial support for core research and the funding and expertise to translate that research into impact. The centres regularly interact with a host of non-academic users both on regular and occasional bases as described in section (b) below.</p> <hr/> <p>b. Approach to impact</p> <p>The objective of the Department of Economics is to produce first-rate, original research and to facilitate engagement with non-academic users who can benefit from the research findings.</p> <p>The Department’s strategy to support and facilitate engagement has three main prongs:</p> <p><u>1. Promoting Research Excellence.</u></p> <p>Our first and foremost objective is to maximise the production of first-rate research. The Department allocates a significant amount of effort and resources to hiring the best researchers in all fields both at the junior and senior level and to ensuring they work in an environment that is conducive to first-rate research. The Department has a long-term vision and hires predominantly on the basis of quality rather than specific field needs. Productive researchers are allowed substantial flexibility on the timing of teaching and administrative duties to free time for research and ancillary activities such as field trips and dissemination. The Department together with the research centres fund research projects and sponsor several weekly seminar series both for internal and external speakers to promote the circulation of ideas and synergies between research projects.</p> <p><u>2. Facilitating Interactions between Researchers and Non-Academic Users.</u></p> <p>The Economics Department makes sure that researchers are able to engage in interactions with non-academic users by providing the necessary flexibility to travel or even be seconded part-time or full-time at non-academic institutions. Engagement occurs through interactions that vary in arrangements, regularity and size and take three principal forms of which we report examples below. In all cases, the reported engagement originates from first-rate research; consultancies and other activities not directly linked to research are omitted.</p>

At one end of the spectrum, individual researchers (names in parenthesis) are invited to present their findings in occasional lectures organised by Central Banks in the UK, US and several EU countries (Wouter Den Haan, Ethan Ilzetzki, Silvana Tenreyro, Kevin Sheedy); multilateral and aid organizations such as DFID, World Bank, UN, EBRD (Oriana Bandiera, Robin Burgess, Maitreesh Ghatak, Greg Fischer, Gerard Padro I Miquel); Finance Ministries/Treasury both in the UK and abroad (Robin Burgess, Tim Besley, Henrik Kleven, Gerard Padro I Miquel, John Van Reenen); economic consultancies and other private sector organisations such as World Economic Forum, NERA, RBS, CRAI (Oriana Bandiera, John Van Reenen). The fact that several of these invitations are repeated suggests a strong external/non-academic demand for research findings produced by members of the Department.

Second, engagements are often formalised as individual researchers are appointed to various advisory and policy bodies. Recent examples include: (1) Oriana Bandiera, member of the World Economic Forum Global Agenda Council on Women Empowerment 2012; (2) Tim Besley, member of UK Monetary Policy Committee, 2006-2009; Commissioner, 2020 Public Services Commission, 2008-2010; External Member, World Bank Research Committee, 2006-present; (3) Wouter Den Haan, Economic Partner, Netherlands Bureau of Economic Policy Analysis, Netherlands Ministry of Economic Affairs, current (4) Maitreesh Ghatak, External Member, World Bank Research Committee, 2013-present; (5) Alan Manning, member NHS Pay Review Body, 2004-2011; (6) Chris Pissarides, advisor to the President of Cyprus; (7) Danny Quah, member of the World Economic Forum Global Agenda Council on Economic Imbalances 2013; member of the Malaysia's National Economic Advisory Council, 2009-2011; (8) Mark Schankerman, member of Strategic Advisory Board for Intellectual Property Policy, UK Government, 2009; (9) Silvana Tenreyro, member Mauritius Monetary Policy Committee, 2012-present; (10) John Van Reenen, Member, Strategy Board on Productivity, Office of National Statistics, 2003-2009; Senior Advisor to Chief Economist of DG Competition, European Commission, 2003-present;

Third, groups of researchers regularly collaborate with non-academic partners on diverse research endeavours. For instance, Oriana Bandiera and Robin Burgess regularly collaborate with BRAC, the world largest NGO, to design rigorous evaluations of their poverty alleviation programmes. Researchers in Industrial Organisation (including John Sutton and Pasquale Schiraldi) regularly collaborate with the economic consultancy NERA.

3. Disseminating and Publicising Research Findings.

The LSE runs an extensive programme of public lectures open to (and largely attended by) the general public. Many of these lectures are on economic topics. The Economics Department runs the long-standing annual Lionel Robbins Lecture that showcases policy-relevant economic research. In addition to regular events, the Department and the Centres organize several one-off lectures that feature prominent figures from outside the LSE that attract large non-academic audiences. A recent example was the public discussion on "What should economists and policymakers learn from the financial crisis?" co-organised by the Department, STICERD and the Bank of England, which featured Ben S Bernanke, Olivier Blanchard, Lawrence H. Summers, and Axel A. Weber, with Sir Mervyn King in the Chair. The event was heavily oversubscribed: we received over 4000 requests for tickets, mostly from non-academic users. In the end, 80 tickets went to the general public, and 150 to invited external guests and press. The event was live-streamed by Bloomberg, making it accessible to an even larger external audience.

Public Debates. One notable example is LSE Growth Commission (in partnership with the Institute of Government and drawing on School HEIF V funds), which Tim Besley and John Van Reenen were instrumental in establishing. The main objective is to contribute to the formulation and implementation of a long-term growth strategy in the UK.

Publications for non-academic users. Academic research is regularly converted into formats accessible to non-academic users. For example CEP produces 3 times a year a magazine 'Centrepiece' that contains short articles summarizing academic research. The IGC produces a

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monthly external newsletter that currently has 2,593 subscribers. Several faculty members contribute regularly to non-academic publications such as VoxEU and newspapers.

Seminars to bring together academics and practitioners. The IGC runs “Growth Week”, an annual global conference for both academics and practitioners. Growth Week 2012 was attended by 43 leading policy-makers, from 17 different countries. The IGC also runs several smaller events with academics and policymakers in their partner countries. In 2012-13, 23 such events were organised across ten countries.

Dissemination through the web and social media. The Department and the Centres maintain websites to showcase research findings. These attract several visits, for instance in 2011 the CEP website obtained over 2.6m hits. IGC and CEP also have Twitter feeds with 1,239 and 777 followers. Faculty members also run individual Twitter accounts that attract thousands of followers, see for instance @DannyQuah (2,914 followers), @johnvanreenen (2,948 followers).

c. Strategy and plans

The Department aims to provide a thriving research environment which is conducive to high standards of performance. It does not employ a centralised strategy as to the choice of topics that Department members conduct research but instead allows for the greatest latitude and independence in all research areas. Interaction among faculty is excellent. Our seminar programs and workshops provide first-rate venues for interaction with top international scholars.

Although it was not explicitly intended for REF2014, the strategy outlined in section (b) is well-established and has led to substantial impact through the decades. In this sense, the Department has continued to do what it has always done. Our plan for the future is to maintain the core principles of this strategy while continually innovating to take advantage of new developments in technology (tweeting summaries of discussion papers is a good example) and new opportunities. Our commitment to promoting research excellence and to developing and maintaining practical engagement alongside academic merit is long standing and will feature prominently in our strategy to impact. Our efforts to enhance our international reputation and standing will carry on by allocating a significant amount of our resources to hiring and retention and to the development of existing faculty. The Department will continue to encourage practical engagement by offering flexible arrangements to faculty members who are appointed to advisory and policy bodies.

Naturally, our Research Centres will continue to serve as the main interface between academic research and non-academic users and provide essential research support. The history of the Research Centres demonstrates the long-run nature of this commitment. The Higher Education Research Unit (founded by Lionel Robbins in the mid 1960s) evolved into the Centre for Labour Economics and subsequently into today's CEP. The Welfare State Programme of the mid 1980s evolved into CASE, originally ESRC funded and today financed through a mixture of sources including STICERD. In addition to the firmly established CEP and STICERD, the IGC and the newly established Centre for Macroeconomics will play a prominent role in our future strategy to impact.

The IGC is particularly noteworthy as it is uniquely designed to build bridges between researchers and policy makers in low income countries. Its objective is to enable policy makers to gain knowledge of existing research and have a direct link with researchers who provide advice on how to tailor research findings to specific settings in order to maximise impact. Naturally, these connections allow researchers to learn about the challenges faced by policy makers in developing countries and this interplay between academics and practitioners is of considerable mutual benefit. The aim is to develop two-way traffic of ideas: questions from policy makers sent to researchers via research programme directors, questions from researchers sent to policy makers. Many of the best research projects in recent years have emerged from this interaction.

The Centre For Macroeconomics will also be central for maintaining and enhancing channels between policy makers and the academic community. One of the problems that emerged out of the

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crisis was the lack of meaningful communication between academics and policy-makers. This problem was one of the main reasons the Department of Economics took the lead in setting up a Centre For Macroeconomics jointly with UCL and Cambridge. The Centre has been developed with close involvement of the Bank of England and the National Institute of Economics and Social Research (NIESR).

Strengthening our Research Centres, and linking the Department to LSE's new *Institute of Public Affairs* – which will be the School's major knowledge exchange and impact vehicle post-2013 – are key goals for the post-REF period. Colleagues in the UoA will also benefit from LSE's new Research Incentive Scheme, which provides strong rewards to units and individuals that bring in high-quality, peer reviewed external funding.

d. Relationship to case studies

The case studies showcase not only the breadth of research done in the Department but also the different pathways to impact. The research tackles policy relevant questions on a variety of topics, ranging from climate change (Stern) to tax policy (Kleven), labour market policies (Manning, Pissarides), health (Bandiera) and wellbeing (Layard). The case studies demonstrate how LSE researchers engage with non-academic users through informal interactions such as lectures and formalised arrangements such as positions on advisory boards. Finally, the case studies provide a clear illustration of the three-pronged strategy adopted by the Department to favour impact described in section (b) above.

1. Promoting Research Excellence.

All case studies are based on first-rate research that has been published in leading peer-reviewed journals or major books. In all cases it is the quality of the research that drives the impact rather than the research originating as a response to a commissioned question. The research at the basis of all submitted ICS was facilitated and funded by the Research Centres: IGC and STICERD (Bandiera, Kleven and Stern) and CEP (Manning, Layard, Pissarides)

2. Facilitating Interactions between Researchers and Non-Academic Users.

The case studies make clear that impact relied on different forms of interactions between the researchers and the non-academic partners that were made possible by the flexibility granted by the Department of Economics. These include occasional interfaces such as keynote speeches at policy fora and regular formalised interactions such as membership of advisory bodies. For instance, Layard is an official adviser to the UK government's Improving Access to Psychological Therapies (IAPT) programme and also chaired the World Economic Forum Global Agenda Council on Health and Wellbeing in 2011. Pissarides was invited to deliver a keynote on the same platform as the "three Presidents" (the EU Commission, Council and Parliament) at the Employment Conference in September 2012, which discussed his recommendations. Some have become part of the official EU agenda on job creation. Stern was a member of the UN High Level Working Group on Climate Change Financing.

3. Disseminating and Publicising Research Findings.

In many of the submitted ICS impact was facilitated by the Department's dissemination efforts. For instance, Layard's engagement took off with his Robbins Memorial Lectures (2003), Kleven's research findings on tax notches became known to the Pakistani tax authorities through an IGC Policy Brief well before the paper was published in an academic journal.