



News

SUCCESS

Sullivan Hué, assistant professor, won the 2022 AFSE prize for his thesis "Four Essays on Financial Risk Measurement".

Bruno Ventelou, research professor, was appointed new member of the High Council for Public Health.

Alberto Prati, PhD student at AMSE between 2016 and 2020, was awarded the 2022 best dissertation prize by the International Society for Quality of Life Studies.

Sofia Ruiz, post-doctoral fellow, received the LAGV prize at the 2022 ASSET conference for her paper «Network Perception in Network Games».

Suzanna Khalifa, PhD student, received the 9th Econ Job Market Best Paper Award for her paper "Female Genital Cutting and Bride Price".

EVENTS TO COME

Conférences Sciences Echos - Alain Trannoy will talk about equality of opportunity on January 24. Miriam Teschl will talk about well-being and multilingualism on March 1.

An **AMSE Lecture** will be held by Joachim Voth on May 15.

The **French conference in applied econometrics using Stata** will be held from May 15 to 16.

The **workshop on the economics of networks** will be held from June 1 to 2.

The **International conference & Spring school Quantitative Finance and Financial Econometrics (QFFE)** conference will be held from June 6 to 9.

The **AMSE summer school** on "Political Economy: institutions, governance and media" will be held from June 12 to 14.

The **Theoretical Research in Development Economics conference (ThReD)** will be held from June 15 to 16.

The **22nd Journées Louis-André Gérard-Varet (LAGV)** will take place at Palais du Pharo from June 28 to 30.



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Visiting researchers



JOAO CARLOS

Federal University of Piau 
From March 2022 to February 2023 at MEGA

Jo o Carlos de Oliveira Souza is an assistant professor at the Federal University of Piau . His interest lies in theoretical and algorithmic aspects of optimization in Riemannian manifolds, theory of monotone operators, multiobjective optimization, equilibrium problems and convex analysis.



FANNY HENRIET

PSE / CNRS
From September 2022 to September 2023

Fanny Henriet is a CNRS researcher and professor at Paris School of Economics. Her research focuses on energy transition and its implication on fossil fuel resources and stranded assets. She also studies the properties of climate policies and their acceptability.



HARUTAKA TAKAHASHI

Kobe University / Meiji Gakuin University
From September 2022 to February 2023 at IM RA

Harutaka Takahashi is a research fellow at the Graduate School of Economics at Kobe University, and professor emeritus at Meiji Gakuin University. His recent research interests include the application of econometrics to the analysis of the Covid-19 pandemic.



GEORGES HUBNER

HEC Li ge
From January to July 2023 at MEGA

Georges H bner Professor of finance at HEC Li ge – Li ge University (Belgium). Georges serves as a non-executive director, chairman of the Audit Committee, and member of the Risk Committee at Belfius Bank SA/NV, as well as a member of the Investment Committee of the CERN Pension Fund (Geneva). His research focuses on credit risk, hedge funds and portfolio performance.



SANJEEV GOYAL

University of Cambridge / NYU Abu Dhabi
In June 2023 at MEGA

Sanjeev Goyal is Arthur Pigou Professor of Economics and Fellow of Christ's College at the University of Cambridge and Visiting Professor at NYU Abu Dhabi. He is a pioneer and a leading international researcher in the economics of networks.



ALICE MESNARD

City, University of London
From May to June 2023 at IBD

Alice Mesnard is a Reader in Economics at City, University of London and the Chair of the Academic Board of the University of Paris Dauphine -PSL, London. Her main research interests are in the fields of Development Economics, Migration, Policy Evaluations and Applied Microeconomics.



KAIVAN MUNSHI

Yale University

*From May to June 2023
at MEGA*

Kaivan Munshi is Professor of Economics at Yale University, a Faculty Affiliate of the Economic Growth Center, and was previously the Frank Ramsey Professor of Economics at the University of Cambridge. His research is focused on the analysis of social institutions and their interaction with economic activity.



SOENJE REICHE

Yale University

*From May to June 2023
at MEGA*

Soenje Reiche is Senior Lecturer in Economics at Yale University and researcher at the Cowles Foundation for Research in Economics. Her research interests include Microeconomic Theory, Contract Theory, Game Theory and Industrial Organization.



FEDERICO REVELLI

University of Turin

In May 2023 at MEGA

Federico Revelli is Professor of Public Economics at the University of Torino and fellow of CESifo. In his research he empirically investigates the spatial features of decision-making processes in multilevel fiscal structures and their consequences on a number of dimensions of decentralized government performance.



GARANCE GENICOT

Georgetown University

*From June to July 2023
at MEGA*

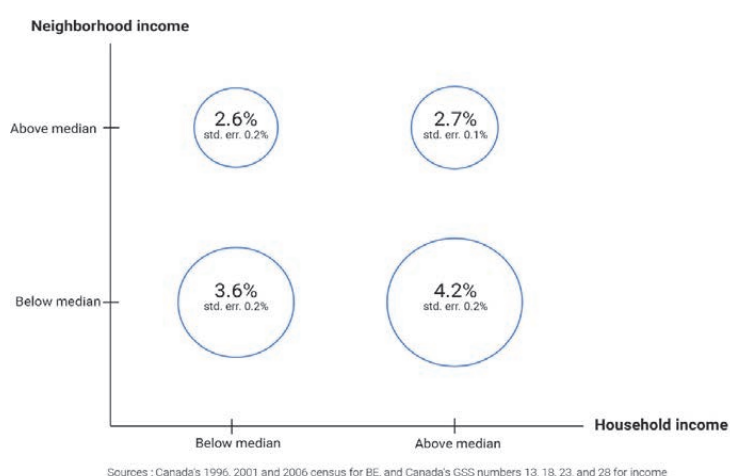
Garance Genicot is a professor at the department of economics of Georgetown University. She uses microeconomic tools to study key issues in development economics such as aspirations, informal credit and insurance markets, intra-household bargaining, social networks, tolerance and inequality.

Welcome to AMSE !

Property crime and private protection allocation within cities: Theory and evidence

Bruno Decreuse, Steeve Mongrain & **Tanguy van Ypersele**, 2022, *Economic Inquiry*, 60 (3), 1142-1163

Cross distribution of victimization and protection by neighborhood and household income



Bruno Decreuse

Bruno Decreuse is a professor at Aix-Marseille University and dean of the Faculty of Economics and Management. He received his PhD from GREQAM and was a CNRS chargé de recherches in Paris from 2001 to 2004. His special interest is the modelling of search frictions.



Tanguy Van Ypersele

Tanguy van Ypersele is a professor at Aix-Marseille University. He obtained his PhD in 1996 from the Université catholique de Louvain. He held academic positions in Tilburg University and the University of Namur. He joined AMSE in 2003.

RESEARCH PROGRAM

Quetelet, in the 19th century, had already identified the social science puzzle of a high degree of variance of crime rates across space. Recent studies suggest that this variance is not the result of observed or unobserved geographic attributes. Seeking to explain it, existing studies have so far focused on strategic complementarity between individuals engaging in criminal activities. We highlight a novel mechanism through which social interactions affect criminal outcomes. Households invest more in protection when their neighbors also invest in protection. This implies that private decisions have a social multiplier effect.

The paper presents four facts about victimization and protection investments based on detailed data from Canada's General Social Survey (GSS). Victimization is measured by the share of the surveyed population who experienced a break-and-enter crime in their house during the year preceding the interview.

(i) Victimization and household income are uncorrelated or slightly positively correlated. Victimization is roughly the same for households below and above the median household income. (ii) Rich neighborhoods are victimized less than poor ones. The yearly mean victimization rate is about 3.4%, and neighborhoods below the median income experience victimization rates 35% higher than neighborhoods above the median income. (iii) Conditional on neighborhood income, rich households are victimized more than poor ones. (iv) Both rich households and rich neighborhoods invest more in protection. The percentage of households equipped with an alarm is about 30-35% higher among households above the median income than among households below the median income.

Basically, rich neighborhoods are less victimized but within a given neighborhood, it is the rich that are more victimized. Rich households and rich neighborhoods invest more in protection.

To explain these facts, we provide a theory that builds on the strategic complementarity between criminal search effort and household investment in protection. There is a city composed of two neighborhoods,

one rich and one poor. The supply of criminals is exogenous at city level, but arbitrage ensures that the returns on crime are equalized at the neighborhood level. Criminals also choose whether to pay a search cost to compare different households within the same neighborhood or simply to pick one randomly. Meanwhile, households invest in private protection to reduce losses from break-ins.

The two main mechanisms of the model are as follows. First, the criminals' search implies that households make heterogeneous protection investments. Households who expect to be compared with each other invest in protection to divert criminals' attention toward their neighbors. Second, protection heterogeneity motivates the criminals' search. Thus, there is strategic complementarity between criminals' search efforts and households' protection investments.

Protection heterogeneity derives from the fact that protection is a positional good. Households make utility gains by being ranked higher in the distribution of protection investment. To see this, suppose that all households in a given neighborhood make the same protection investment, while some of the criminals pay the search cost to compare two randomly chosen households. Now, consider the case where two of the households are scrutinized by a given criminal. As they are alike, the probability of being broken into is one half for each of them. If one of these households were to invest more, the probability of being broken into would drop to zero and the marginal increase in effort would generate a mass gain. Therefore, similar agents make heterogeneous investments in equilibrium. Further, this argument implies that the distribution of protection investment has no mass point.

Our model can generate equilibrium outcomes in line with the above set of facts. In the absence of protection investment, the rich neighborhood is more attractive to criminals. However, its residents also invest more in protection, which deters criminals. Indeed, criminals in the rich neighborhood are more willing to pay the search cost than those in the poor neighborhood. Thus, rich households expect to be frequently compared with their neighbors. This affects both the mean (people invest more on average) and the dispersion of protection investments (there are still some people who choose not to invest, while others invest more). That the rich neighborhood invests more in protection implies low returns on crime, and therefore, criminals may be more attracted to the poor neighborhood. Meanwhile, rich households are victimized more than poorer ones in each neighborhood. This equilibrium allocation is illustrated by a parameterization broadly replicating the quantitative facts outlined above.

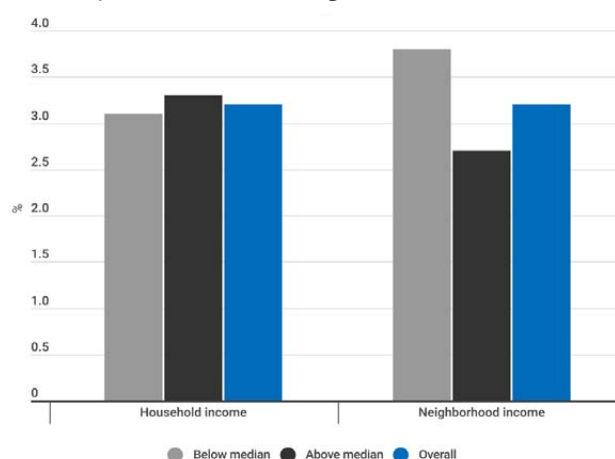
Importantly, the starting point of our analysis is that criminals are mobile between different neighborhoods of the same city. Everyone knows whether a neighborhood is wealthy or not, and criminals respond to incentives when deciding where to break in. In this light, the strength of our theory is its ability to predict the geography of crime despite criminals being mobile.

A large set of evidence suggests that crimes are most often committed near the criminal's home, while criminals are more likely to be from lower-income families (see, e.g., Burnett & Tonkin, 2020). This is, in fact, compatible with our theory. The actual assumption we need is that criminals are sufficiently mobile between neighborhoods so that the return on crime is the same across neighborhoods. In our model, if, as is likely, more criminals reside in the poor neighborhood, then we can predict that most crime will occur near the criminals' homes.

FURTHER RESEARCH

Our model can be enriched in a variety of ways. First, we assume that the number of criminals is exogenous at city level. This number could increase with the return on crime, and such an extension would allow us to study the impact of public policies aimed at reducing overall property crime. Second, we suppose that all agents are risk-neutral, whereas risk aversion is undoubtedly a key driver of protection investment. We could therefore study the resulting demand for insurance. Third, protection reduces losses inflicted on households by criminals. In addition, it could increase their probability of being caught. Fourth, we abstract from households' residential choices. These should respond to the geography of property crime. Lastly, we make extensive use of Canadian evidence. It would be interesting to know whether similar facts hold in the US or in Europe.

Distribution of victimization and protection by household and neighborhood income



Standard error : 0.1% Interpretation : 3.8% of Canadian households living in neighborhoods below the median of the neighborhood income distribution experienced a break-in or an attempted break-in in the past 12 months

Sources: Canada's 1996, 2001, and 2006 census for BE, and Canada's GSS numbers 13, 18, 23, and 28 for income.

Murder nature : Weather and violent crime in rural Brazil

Phoebe W. Ishak, 2022, *World Development*, 157, 105933

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I find that adverse weather shocks (i.e., drought) immediately and significantly increase violent crime rates, and that the effect persists beyond the growing season and over the medium term.

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RESEARCH PROGRAM

Extreme weather events are becoming more common, and their adverse effects disproportionately impact developing countries. With more than half of developing countries' populations residing in agro-rural communities, climate change poses a major threat to local agriculture and agriculture-generated incomes. This could in turn trigger intense competition over scarce resources, which may eventually generate widespread violence. A growing body of literature has been seeking to examine the consequences of extreme weather events and climate change on civil conflict and social unrest. While the bulk of this literature has focused on studying politically-induced conflict, such as civil wars and institutional breakdowns, there have been few attempts to investigate non-political forms of social unrest, such as criminal activities. A few recent studies have documented a positive association between crime rates and high temperatures, yet without consensus on the mechanism behind this. Some emphasize the role of income and economic motives, while others cite non-economic factors such as weather-related depression, aggressive behavior or changing habits.

My analysis seeks to contribute to this debate by making use of variation in weather conditions across Brazilian municipalities to identify their effects on homicide rates. It makes a first attempt to discern weather effects on a broader set of economic and non-economic factors. Economic channels include not only agricultural output, but also all forms of economic activity, labor market response, poverty, inequality, local government budgets, and public services. In this regard, Brazil offers an excellent context to study the crime-weather nexus for several reasons. First, Brazil is one of the world's leading agricultural producers, with exports of agricultural raw materials representing around 19% of its total exports and total agribusiness in terms of agriculture and industrial food production accounting



Phoebe W. Ishak

Phoebe W. Ishak is a postdoctoral researcher at AMSE since 2021. Before joining AMSE, she was a postdoc at the Free University of Berlin. She has received her PhD in Economics from Universität Hamburg in 2020. Her research interests are development, gender and labor economics, with special focus on Africa, Latin America, and the MENA region.

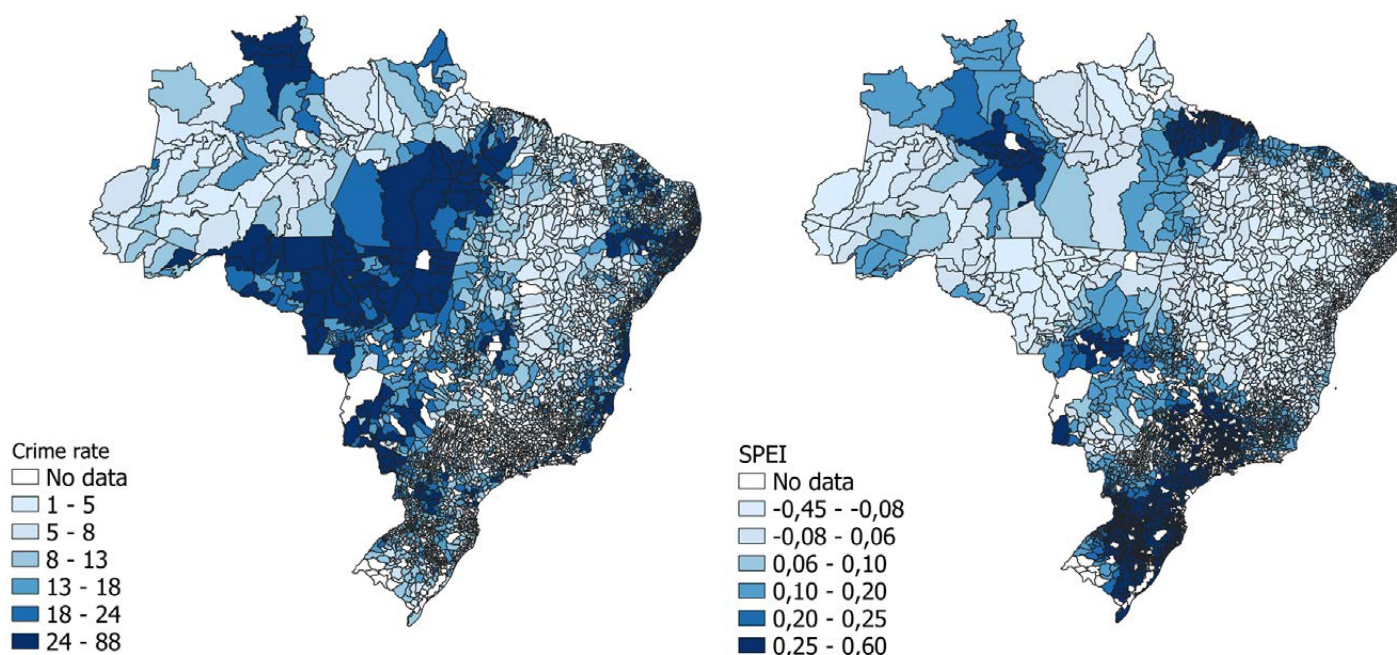


Figure 1. Homicide rate and SPEI – Spatial distribution

for 35% of its exports in 2018. Second, agriculture in Brazil remains largely rain-fed and depends extensively on manpower, 35% of the country's total workers being employed in the agriculture sector. It follows that adverse weather shocks like droughts can represent a major blow to agriculture-generated revenues and earnings. A recent example of this was the 2014-2017 period, during which the country witnessed the worst drought season in 100 years, which led to disruptions in the production of coffee beans and sugar and the downsizing of operations. Finally, Brazil's homicide rate is very high, reaching 30.8 homicides per 100,000 inhabitants, compared to a world rate of only 6 homicides. To illustrate, Fig. 1 depicts the spatial distribution of average homicide rates and level of drought as measured by the Standardized Precipitation-Evapotranspiration Index (SPEI). It shows higher homicide rates (left plot) in municipalities with high levels of drought (right plot).

PAPER'S CONTRIBUTION

Employing a distributed lag model that takes into account the spatial correlation of homicide rates, I find that adverse weather shocks (i.e., drought) immediately and significantly increase violent crime rates, and that the effect persists beyond the growing season and over the medium term. This contradicts the conventional view of weather effects as transitory shocks. To explain this persistence, the weather fluctuations are found to be positively associated not only with agriculture yields, but also with overall economic activity in a persistent way, providing local evidence of the existence of

spillover effects through local demand. This latter effect is confirmed by evidence of the dominance of an opportunity cost mechanism reflected in fluctuations in total earnings and wages, particularly for agricultural and unskilled labor, over (un)-employment, local government capacity, poverty, inequality, and psychological factors. This is because earnings determine the opportunity cost of time allocation between legal and criminal activities and affect local demand. In addition, agricultural and unskilled workers are the most severely affected group, who are the most likely to commit crime.

FUTURE RESEARCH

My results provide relevant information for policy makers regarding the future consequences of global warming, especially for agriculture-based economies. Policies aiming at mitigating weather effects on agricultural yields and income are highly desirable. One approach that could be used to reduce income fluctuations is the introduction of insurance against negative shocks and the provision of safety nets. A long-run strategy should involve reducing crop dependence on rainfall by installing new irrigation systems or adopting drought-tolerant crop varieties. Farm diversification too can reduce the risk of exposure. Finally, the persistence of weather fluctuations suggests the need to explore the wider effects of climate-induced agriculture shocks as well as the other mechanisms at play, such as urban-rural migration and participation in social movements; this is left for future research.

The inverted leading indicator property and redistribution effect of the interest rate

Patrick A. Pintus, Yi Wen, Xiaochuan Xing, 2022, *European Economic Review*, Volume 148, 104219

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Credit supply goes up by more
than credit demand during
expansions, so that the interest
rate goes down and a boom
follows.”

Virtually all US firms rely on some form of borrowing to finance productive investment, working capital and other types of expenses. For example, corporate firms issue bonds while non-corporate companies rely to a large extent on bank loans. A striking feature is that the real interest rate paid by US firms is countercyclical: typically low during expansions but tending to rise during recessions.

Such a property has far-reaching macroeconomic consequences: when the borrowing cost is low, investment financing by firms is cheaper and the economy booms. This is confirmed by impulse responses obtained from a vector autoregressive model, which show that all variables are procyclical, i.e. they move hand in hand with output, except for the debtor interest rate. When investment booms, the interest rate stays below trend for several quarters. This suggests that during expansion periods, the willingness of creditors to extend credit rises so much that, despite an increase in credit demand, the cost of credit goes down.

Correlations between the interest rate at various leads and lags (in quarters) and macroeconomic variables are reported in Figure 1.

A notable feature of Figure 1 is the so-called inverted leading indicator property of the interest rate: the lead-lag correlations all have an S-shaped pattern. The correlations of the interest rate 5 quarters ago with current values for output and other variables are negative in Figure 1. This means that a low interest rate 5 quarters ago is associated with a boom in activity today: cheap debt then accumulates and finances a boom later on. Further, a high level of output today will be accompanied by a higher interest rate 5 quarters down the road: as the economy reverts back to its trend, the interest rate tends to rise.

The inverted leading indicator property of the borrowing cost is a long-standing puzzle. Standard business-cycle models do not accord with it: high investment and output are associated with a high interest rate in

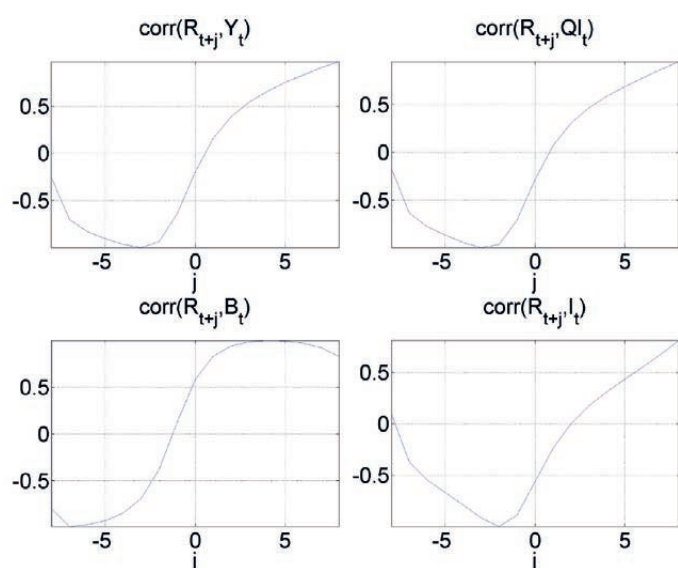


Figure 1. Empirical lead-lag correlations - up to 8 quarters - of the real interest rate (denoted R), with output (Y), land price (Q), debt (B), and investment (I), based on US data from 1975 to 2010. bands in red).



Patrick Pintus

Patrick Pintus is Scientific Deputy Director at CNRS-InSHS, Professor at Aix Marseille University, and he holds a PhD from École des Hautes Études en Sciences Sociales. He has held research and teaching positions at UCLA, Washington University in St Louis, the St Louis Fed, and Konstanz University. Most of his published academic research relates to expectations in macroeconomics, with recent emphasis on learning and uncertainty.

such settings. We tackle this puzzle by introducing a credit market that channels funds from lenders to borrowers into the textbook business-cycle setting. Our analysis relies on the interaction of two main features. First, due to collateral constraints à la Kiyotaki and Moore, a credit market friction creates a wedge between credit supply and credit demand. Second, we relax an assumption that is often implicit in the existing literature: loans are such that the interest rate is not set when the loan is negotiated, but instead is state-contingent and responds to changes in aggregate economic conditions when the loan repayment is due. This is the case when, for example, firms borrow at a variable interest rate.

Both the demand for and the supply of credit then go up during booms. On the demand side, firms that rely on variable-rate loans decide to borrow and invest more when they expect interest rates to go down. In the absence of any change in credit supply, this would push up the interest rate. But when the collateral channel operates on the supply side of the credit market, this conclusion can be reversed: to the extent that the market value of collateral is larger during booms, lenders are happy to lend more. Evidence of such a collateral channel has received strong support from the empirical micro literature, which shows that a large fraction of US firms hold real estate and use it as collateral to borrow more and finance their investment.

In the realistic case where loan-to-value ratios are smaller than one, credit supply goes up by more than credit demand during expansions, so that the interest rate goes down and a boom follows. Provided that the rise in the market value of collateral – e.g. land price – is persistent, the boom is persistent as well. In other words, the interest rate inherits the inverted leading indicator property. To sum up, collateralizable assets – most notably real estate – flow from lenders to borrowers while debt repayments from the latter to the former go down during expansions: a redistribution channel operates in favour of borrowers.

To gauge the empirical bite of such a redistribution channel, a medium-sized model is estimated using US data from 1975 to 2010. Two settings are compared: (i) one with loans that have predetermined repayments – that is, fixed interest rates – (ii) an extended one with variable-rate loans. In addition, in the latter setting, redistribution shocks that are purely expectation-driven can materialise, whereby borrowers change their views about the level of the real interest rate that they expect to repay in later periods.

Two lessons can be drawn from the outcome of the estimation procedure. First, only the model with a significant proportion of variable-rate loans in the

economy delivers the inverted leading indicator property. This can be seen from Figure 2, which is the theoretical analogue of Figure 1.

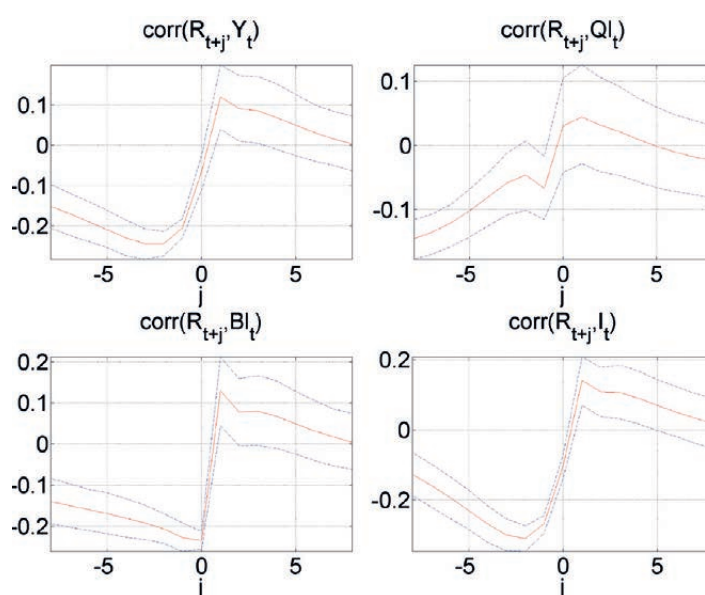


Figure 2. Theoretical lead-lag correlations - up to 8 quarters - of the real interest rate (denoted R), with output (Y), land price (QI), debt (B), and investment (I), based on US data from 1975 to 2010 (95% confidence bands in red).

Second, the estimated model can also be used to measure the empirical importance of expectational shocks to the interest rate and they turn out to matter. For example, they account for about 30% of output volatility after eight quarters, and close to 50% after sixteen quarters. Similarly, expectation shocks explain a large chunk of the variances of consumption, investment, credit, hours worked, wages, and, to a lesser extent, land price.

Although this analysis makes a useful contribution by showing that the redistribution channel matters empirically, it still has several shortcomings. Most importantly, it is silent on the mechanisms at the origin of such redistribution shocks; in particular since it focuses on a setting in which all magnitudes are real, not nominal. An obvious candidate is monetary policy, as most contracts serving as credit market instruments are: (i) denominated in nominal terms, and (ii) subject to inflation risk even at short horizons. Although the literature has already pointed to such a mechanism, it has not yet been able to rationalise the inverted leading indicator property of the interest rate in a nominal environment. Such a challenge should therefore be addressed in future research and would deliver precious information about the transmission of monetary policy.

Trade barriers in government procurement

Alen Mulabdic, **Lorenzo Rotunno**, 2022, *European Economic Review*, 148 (C)

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In our gravity estimates, the “border effect” – i.e., the extent to which internal trade exceeds international trade – is significantly larger in government procurement than in private markets, the difference being more pronounced for services.

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RESEARCH PROGRAM

Government procurement – i.e., purchases of goods and services by public authorities – is a major market, accounting for about 12% of world GDP in 2018. Given its sheer size, it is no surprise that governments often prefer local over foreign providers to achieve socioeconomic objectives – think of ‘buy national’ clauses. Yet, governments have committed to greater market access in government procurement by joining ‘deep’ preferential trade agreements (PTAs). As shown in Figure 1, PTA provisions in government procurement have become more common since 2000.

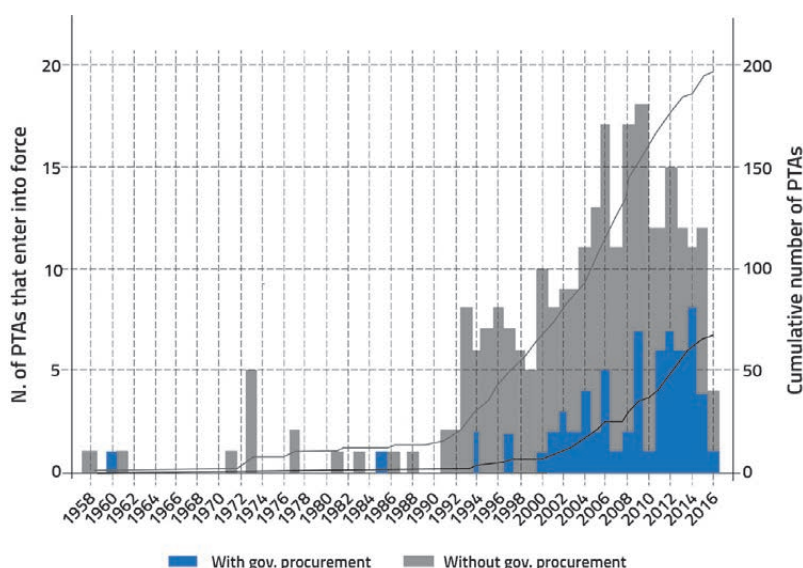


Figure 1. Number of PTAs with and without enforceable provisions in government procurement



Lorenzo Rotunno

Lorenzo Rotunno is Professor of Economics at AMSE. He obtained his PhD from the Graduate Institute of International and Development Studies in Geneva in 2013 and was a postdoctoral fellow at the University of Oxford from 2013 to 2016. His research interests lie in international trade, development, and health economics.

Against this seemingly contradictory policy landscape (adopting discriminatory measures while liberalising through PTAs), how ‘national’ is government procurement relative to firms’ purchasing strategies? And have deep PTAs contributed to liberalising government procurement markets? In this paper, we address these questions by estimating a standard gravity model for cross-border procurement flows. The empirical analysis aims at quantitatively assessing

barriers to cross-border government procurement and identifying the role of trade agreements in reducing them.

Recent empirical work on the local bias in public procurement exploits contract-level data often specific to one or a few countries (e.g., the US and EU countries) to identify the determinants of a bias towards local firms in government auctions. We use cross-country input-output tables to construct aggregate measures of cross-border flows in government procurement. Applying the analysis to a cross-country setting allows us to estimate the trade effects of specific provisions in PTAs and to derive theoretically consistent measures of home bias in government procurement.

PAPER'S CONTRIBUTIONS

The two main ingredients of our empirical analysis are a gravity model for government procurement flows and inter-country input-output (ICIO) tables from the OECD TiVA database between 1995 and 2015. The model specifies bilateral flows in public markets as a function of importer and exporter specific characteristics and bilateral trade cost factors, including PTA with specific provisions in government procurement between the two countries. Our empirical definition of government purchases sums the "government expenditure" final demand column and the "Public Administration", "Health" and "Education" columns of the ICIO tables. Descriptive trends in the data show that (i) the public sector spends considerably more on services than goods compared to the private sector; and (ii) that the import share of expenditure in government procurement relative to that in the rest of the economy is particularly low for services.

Two sets of findings from the econometric analysis stand out. First, we confirm descriptive and anecdotal evidence of a home bias in government procurement. In our gravity estimates, the "border effect" – i.e., the extent to which internal trade exceeds international trade – is significantly larger in government procurement than in private markets, the difference being more pronounced for services. Using the theoretical framework underlying our empirical model, we also estimate a "Constructed Home Bias" (CHB) index that measures how trade barriers of different types around the world inflate domestic purchases relative to their level in a counterfactual free-trade scenario. We find that the index is higher on average in public than in private markets, as can be seen in Figure 2.

Second, we find that PTAs with specific provisions have a liberalising effect on government procurement, with a larger impact for services than for goods. The

effect is driven by 'unilateral' provisions – i.e., where it is difficult to exclude firms from countries outside PTAs. Examples of these provisions are the adoption of an e-procurement system and the availability of statistics and information on procurement auctions. Our results have implications for trade negotiations. The findings that national borders are relatively thicker for services and that policy initiatives targeted at government procurement have increased cross-border procurement of services hint at complementarity between negotiations on services trade and cross-border procurement.

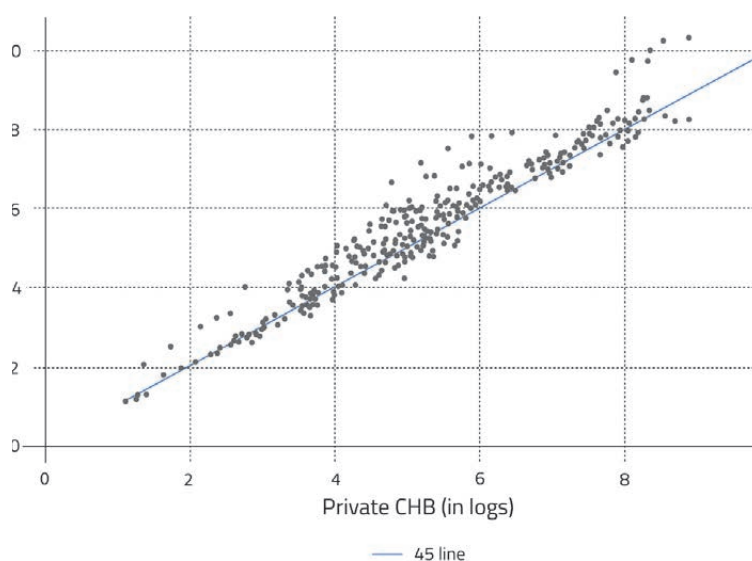


Figure 2. CHB indexes at the country level

FUTURE RESEARCH

This paper is a first attempt to better understand home bias in government procurement. More work is needed in this area, at least along two dimensions. First, preference for local suppliers as estimated in our analysis is a catch-all measure that can be driven by truly protectionist motives and other socioeconomic objectives (e.g., preferential treatment for small and medium-sized suppliers). Collecting data on domestic procurement policies could help identify the different determinants of home bias. Second, because government might favour local firms to boost local economic development, it is important to gauge whether receiving procurement contracts actually improves firms' performance and local economic conditions.

Training - Research link

By **Elisabeth Barthélemy**, Head of Communication AMSE, Administrative Coordinator AMSE graduate school

Training and research are intrinsically linked at AMSE. The teaching is fed by research and some of the students are involved in the scientific output of the unit through their thesis work. This inter-relationship allows students to benefit from an academic environment that encourages scientific excellence and from teaching enriched by recent and original research work.

The training-research link begins with the initial training of students at the AMSE School and registered in the Magistère or in the Master's degrees. From the first year of the Magistère to the second year of the Master's, some students do scientific internships in the research unit. This daily experience of scientific work helps them understand its richness and its challenges.

The various courses offered under the master's programme are currently in the process of being certified under the TIGER plan of Aix-Marseille University. TIGER certifies that the teaching is based on research and that the students are introduced to the scientific approach from the beginning of their course. This initiation takes the form, in the first year of the master's programme, of a set of courses guiding students through a scientific project. Since the start of the 2018 academic year, AMSE has been offering the Theoretical and Empirical Economics track in the second year of the master's programme, leading to the AMSE PhD programme.

The training-research link is further reflected in AMSE researchers' involvement in teaching through their pedagogic responsibilities within the Magistère and the Master's degrees, the Data Science DESU and the PhD programme, the school's study programmes.

Another concrete example of the training-research link is the innovative exchange programme created in partnership with the Autonomous University of Madrid (UAM) that is, as AMU, a member of the CIVIS alliance. A few students from the M1 Economics and UAM Master's research programmes participate in a two-week exchange that gives them experience in international research work.

A first three AMSE students participated in this programme in 2021 and two others in November 2022, Elad Passi and Julie Rabenandrasana. Our two students were supervised by Rocío Sanchez-Mangas, Associate Professor at the UAM Department of Quantitative Economics. She says that «Julie and Elad integrated very well into the activities with their colleagues from UAM, who will be hosted in June 2023 in France, and with the rest of the students of the Master».

Rocio, in charge of academic activities, explains that the students participated in training-research activities in two different fields. On the one side, throughout the week, they attended sessions and actively worked on *Impact evaluation methods with microdata*, where «they had the opportunity to analyse a specific policy implemented in Spain: a remedial education programme aimed at improving the performance (in a wide sense, both cognitive and non-cognitive skills) of students with difficulties, from poor socioeconomic backgrounds. The AMSE students joined the two selected UAM exchange students for sessions with a specific focus on a particular impact evaluation method: propensity score matching. They had access to real data and, after reviewing the main theoretical concepts and the intuition behind the method, the students worked together with real data and the software Stata to put into practice how an evaluation can be done. I think all four students learned from these sessions and enjoyed them!». Julie Rabenandrasana adds «through the courses we attended, we were able to learn more about evaluation methods in econometrics. On a personal level, it was a great experience to see how courses are held in another university and to learn more about the Spanish culture».

On the other side, to complete their week of introduction to international research, the students were invited to attend a research seminar of financial econometrics: "Commodity Hedging: Traditional or Selective?". The speaker was a top researcher in her area (Ana María Fuertes, Professor of Finance and Econometrics, Bayes Business School, City, University of London)" reports Rocío Sanchez-Mangas.

Elad Passi says «Madrid was a great experience; we learned and enjoyed every single moment. I enjoyed collaborating with Madrid's students and professors. One great thing was their seminar, which motivated me even more than before to participate in research and to continue in this track. Personally, Professor Sanchez-Mangas hosted us in the best possible way, accompanied us from our accommodation to the university, introduced us to delicious traditional Spanish food and more. We are grateful for the opportunity and available to help in any related future projects and to give guidance to next year's candidates if needed».

Training through and in research enables students to pose a problem, analyse results and learn to discuss them. While the strong link between training and research is certainly an apprenticeship for becoming a researcher, the skills acquired are also needed and appreciated just as much in companies, valuable for the many students entering the professional sector.

CIVIS, a European Civic University

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Joan Canton

Member of Thierry Breton's Cabinet at the European Commission



Joan Canton completed his thesis in 2007 in environmental economics, under the supervision of Hubert Stahn and Antoine Soubeyran. Today, he works at the European Commission as a member of Thierry Breton's Cabinet. Despite a busy schedule, Joan Canton took a few minutes to answer our questions...

CAN YOU DESCRIBE YOUR PROFESSIONAL TRAJECTORY SINCE YOUR TIME AT AMSE?

I did my thesis under the supervision of Hubert Stahn and Antoine Soubeyran between 2004 and 2007. The topic was «eco-industries: an imperfect competition approach». In 2006, I had the chance to go to Montreal to work with Bernard Sinclair-Desgagné and a team of researchers who were also involved in environmental economics. I wound up staying there because I met my wife.

At the end of my thesis, in 2007, I was hired as an assistant professor at the University of Ottawa. But I only stayed there for two years. In the meantime, I had studied for the entrance exams for the European Commission, and passed them. I chose the European civil service and moved to Brussels.

The European Commission is organized in Directorates-General. I started in the Directorate-General for Economic and Financial Affairs. My work was analytical, I wrote scientific papers on energy, environment and climate

policies, and their macro and microeconomic consequences for Member States.

Three years later, I moved to a more political position in the Directorate-General for Climate Action. I was closely involved in the European strategy for adaptation to climate change that was adopted in 2013. Then I moved to the Directorate General for Energy, in the economic analysis unit. I collaborated with modelers on the economic transformation needed to achieve our energy or climate «targets» - like the greenhouse gas reduction target, or the renewable energy target for energy consumption. It was an applied research position. It was interesting, I was helping others to prepare their legislative or policy initiatives, but it was far removed from the core business, from politics.

Moving to the Secretariat General transformed my career. It gave me the opportunity to approach the political sphere much more closely. I joined under the presidency of Von der Leyen, in a coordinating role - in particular on the European Green Deal, for which I contributed to the initial document.

WHAT ARE YOU WORKING ON CURRENTLY?

For the last two years I've been a member of Commissioner Thierry Breton's cabinet. His portfolio, entitled 'Internal Market', is broad. It covers industrial policy, digital policy, and defense and space policy. Within this framework, I follow the industrial policy aspects, particularly in sectors subject to the energy and climate transition, such as the automotive industry, heavy industry, chemicals, and hydrogen. These major sectors are targeted by concrete proposals such as emission standards for cars, the reform of legislation on chemicals or legislative action to promote the circular economy. It's a job involving political negotiation.

My days are often very long and shaped by the Commissioner's agenda. There are many meetings: those where the Commissioner tests his political ideas, those where the Commissioner's ideas are translated into legislative proposals, those where messages from the units are 'deciphered' and passed on to the Commissioner. I also

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In my current office, you'll find books that I used during my thesis and that I still lend out from time to time.
 ”

accompany the Commissioner on field visits, to factories, to meet ministers and members of national parliaments. I work on concrete things, on arbitration, on political negotiations. I may not get to make the decisions, but I provide support!

HOW DO YOU FEEL ABOUT YOUR TIME AT AMSE?

Doing a thesis and teaching within the French research system can lead on to many things. Take me, now working in the European civil service and with no regrets about having done a thesis. What I learned during my studies at GREQAM still helps me to frame my thinking. Even though I no longer do any research, I still have a scientific approach to things. Teaching also gave me excellent training: there is no better exercise in public speaking than having to interest 40 first-year university students!

And of course, there are also the subjects. My research topics have followed me throughout my career. My thesis was on eco-industries, i.e. all the industries that produce the environmental goods and services needed to, in today's jargon, «decarbonize» the economy, to move towards a circular economy. I have never stopped focusing on these topics. In my current office, you'll find books that I used during my thesis and that I still lend out from time to time. The environmental economics issues under debate when I was doing my thesis remain valid today in terms of environmental, climate or energy policies.



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Your assumptions are your windows on the world.
Scrub them off every once in a while, or the light won't come in.

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Alan Alda



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