CRYPTOCURRENCIES

INTERVIEW WITH MARIANNE FAY

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The TSEconomist is a magazine by the students and for the students. It is thus open to all, and every contribution is highly appreciated!

Send us your thoughts and feedback, attend one of our weekly meetings, volunteer to cover a Business Talk and interview a speaker, write to us or join the team as a board member, proofreader or designer!

Write to us at the.tseconomist@gmail.com.
The show must go on.

As the year draws to a close, we are delighted to come back to you with our 18th issue. The spring issue is also marking the handover to the newly elected board after a highly eventful year for our magazine.

We are proud of launching the new website and provide our online readers with exclusive content. This year's coffee talks were highly popular and we are pleased to invite you to our annual public lecture with Daniel Coublucq from the European Commission as guest speaker. You will find in the magazine a new section where we share articles with fellow student magazine Politics and Policy from Northwestern University. We are also proud to announce our new partnership with highly regarded consulting firm AlixPartners. This partnership will undoubtedly prove invaluable for the current expansion of the magazine.

Inside the magazine, you will find a very insightful interview with Marianne Fay about the World Bank's initiatives to fight climate change and more about the situation of women in economics or the future of anthropology. The Spotlight team reflected, after the end of last year's fever on cryptocurrencies and blockchain, on the future of those digital currencies and the promises of the blockchain technology to the world.

As the time for farewell draws nearer, I would like to pay tribute to all the magazine's members I had the honour to work with. Especially to Nicolas, Annie, Tristan, Sai and Kristina for their dedication towards making a better magazine. Alfonso and his team will surely succeed in our perpetual quest for providing our readers with quality content and vibrant debates.

Remark:
All the writings in this issue remain the strict responsibility of their authors and in no way represent the opinions of TSE and its members.

Article references are available upon request.

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Interview with Marianne Fay

by Kristina Hagen, Annie Krautkraemer, and Lars Nordgreen

For the people who were not able to come to your talk, what is decarbonizing development?

First let’s start with the word decarbonizing. The idea is a made up word, that is really about making sure that our economic processes are no longer necessarily generating net new carbon. So, again there is a big difference between not emitting versus having zero net emissions, and I think the realistic goal is zero net emissions. We were talking at lunch about how realistic carbon capture and storage is as an option, how economic it is. Still a big question mark—I don’t have the technical background to give you that. There’s also having negative emissions, essentially natural carbon sinks like forests. Decarbonizing development is really about trying to evolve our economic development processes so that they won’t necessarily entail generating a lot of emissions as you’re having economic growth and economic activity.

Do you mean net emissions per country or globally?

Global. That’s a very good question actually. Net zero carbon means globally. It is very possible that parts of the world would continue to emit some. Particularly, you can imagine countries that really don’t have any wind or solar resources, whereas others can serve as carbon sinks for the world because they have very large areas that can be reforested or because they have a huge potential on carbon capture and storage if one day carbon capture and storage becomes economic. The big question then is whether that requires big transfers of resources between countries, which doesn’t tend to work to well. It’s hard to imagine the US sending a ton of money to China.

People who want to show that they are carbon-friendly or that they implement renewable energy sources, they tend to put them where people see them, but not necessarily where they are efficient, so how is that going to work in the whole global net pollution framework?

That’s a really good question. The cost, the actual price of an emission avoided is only one of the dimensions. The other two dimensions that you want to think about is the potential for this technology. Take the case of CCS—Carbon Capture and Storage—which I am not necessarily advocating for, but it could potentially be a technology that we really need, eventually. Right now it is extremely costly. Extremely costly. Does that mean you shouldn’t do it? Or does it mean that maybe there should be quite a bit of investment in it because at some point we are going to need it and by then we need the technology to be mature and to be as affordable as possible. I think we should always remember that there are these three dimensions: the cost, the potential, and the time that it will take to get there. McKinsey made [marginal abatement cost curves] popular. It’s a very intuitive presentation because it makes it look like you have a clear dispatch function. You start with the cheapest [abatement technology]. But again, it is extremely misleading because you have a bit of a sense of the potential, but what you do not have a sense of is how long it will take to implement these kinds of things.

If your end goal is just a 30% reduction in emissions by 2030, you’re going to do the cheapest, the quickest thing. If, on the other hand, you’re going to have full emission [reduction] by the end of the century or even by mid-century or something like
that, you're going to have to put in place some of these really expensive things or some of these things that just take a lot of time to put in place. You may for example choose to build subway systems or systems that take a while to develop. Because also one of the things that happens is then people get locked into particular lifestyles, or cities develop in a particular way, so you may want to do more things like land use planning in cities, that is expensive, that is difficult, rather than just quickly developing a little bus system.

**“They may not be optimal, from a pure economic point of view, but again I love this Bismarck quote, ‘politics is the art of the possible’.”**

So, related to that, you have a report, Decarbonizing Development, (from 2015), which recommends countries set up long-term objectives to, say 2050. It seems like a big ask for politicians who often don't have long time horizons, like US Presidents who have at most 8 years in office. Do you have any examples of countries that been able to set such goals?

Well, I think it is easier to set these goals when you have a sort of societal cohesion around a particular goal. The US is kind of unique, it is one of the few countries, fortunately, where climate change is really a partisan issue. If you are Republican, you do not believe in climate change. I am exaggerating a little bit, but officially as a Republican you do not believe in climate change, though I am sure there's plenty of perfectly reasonable Republicans. And if you are a Democrat, you believe in climate change and climate change policies. Again, it is a bit simplified, but I think in Europe climate change has been a lot less of a political issue. It is not surprising, therefore, that Europe—okay it has been very imperfect—but it has put in place a number of systems and a number of things that help with more of a long term vision.

**“Energy efficiency in general is a win-win.”**

Iran did something interesting because Iran was spending a very large share of GDP on fossil fuels. As a result there was huge overconsumption of petroleum products. And those were petroleum products they couldn't export—the opportunity cost was quite large. What they did was completely remove the subsidy, which was something like 5-10% of GDP.

But why is it that the poor people only get a small share of it?

If you are really poor you do not own a car. If you are really, really poor you tend to walk to work. But you still get affected because you still buy food. If the price of fuels goes up then there will be ongoing effects. But if you look at the share of fossil fuel subsidies that are captured by the bottom 20% of the population, it is usually a tiny fraction; the vast majority is captured by the middle class, and the richer population. But importantly, even if only a tiny share is captured by the poor, it does not mean that they will not be affected. They may still be affected by increases in prices and other secondary effects. Many countries now have social safety nets, like financial transfers to the very poor. But it is generally fairly simple and certainly not very costly to take care of the poor because it does not require large sums. What is more complicated is what to do about the middle class and the firms.

Some groups may be negatively affected by carbon-reducing policies, at least in the short run; if someone wants to implement a price right now, there will be huge groups that are affected. How can countries, and especially developing countries, mitigate the transition for such groups, whether they are vested interest groups or poor people?

We are developing a whole toolkit around fossil fuel subsidy removals, because that is a big deal. Before you can even start talking about a carbon price, at least get rid of the subsidies. They tend to be very bad subsidies for a number of reasons. One is they tend to be very poorly targeted and benefit the rich, they are extremely distortive, and they can be hugely costly; some countries spend up to 5, 6, or 7% of GDP, so an enormous cost. Usually when we talk to governments they say oh no we cannot remove them because the poor will be affected. When you look at the distributional burden or the distributional incidence, typically the poor get a tiny fraction of these [subsidies]. It is the middle class that gets a large share of it.

It is extremely difficult to put in place, and I think one of the reasons why I am not such a big believer in prices is that I think that prices are much more subject to change and partly the impact of the change is immediate. I can be an unpopular president and put it in place, but then the next person who comes—who wants to be a popular president—can remove them. Whereas if I say, 'look, here's a fuel emissions standard for cars that I'm announcing now and will be implemented in 10 years.' The car companies may complain about it, but it is not a huge amount of a cost on them right now. So, the political cost to me is not that enormous. And, yes, of course the guy in 10 years can say 'oh, changed my mind I'm not going to implement it,' but by then car companies have invested for 10 years to develop the fuel efficient cars and therefore they have much less of an incentive to push the government, the president. I think there are a few tricks of the trade, a few policy instruments that can help a little bit with these long term commitments, with these pre-commitments. They may not be optimal, from a pure economic point of view, but again I love this [Otto von] Bismarck quote, ‘politics is the art of the possible.’
an enormous sum. Prior to that, they had done this big campaign so that every household in Iran had to establish a bank account—in the remote areas it was at the post office or something. And on the day that they stopped distributing the fossil fuel subsidy, cost of petroleum massively increased, but something like 70% of households in Iran received a lump sum transfer.

Typically, countries first tell you that they are worried about the poor, but we can reassure them. Then they say ‘but our industries will become non-competitive.’ And that really depends, we were talking with Stefan Ambec because he has this very nice paper on the Porter Hypothesis. I was asking him whether there was something in there that we could use for this fossil fuel subsidy removal, and essentially it is the same kind of analysis that you are likely to have more of an impact in the short term than in the medium term when firms have a chance to adjust. It will vary tremendously according to industries depending on the cost composition; some industries may be hugely dependent on fuels; energy might be a large share of costs.

For example, some industries may be hugely dependent on fuels; energy might be a large share of costs. If energy is just a small share of your cost it’s not going to make an enormous impact. And then industries also and individual firms vary in their capacity to innovate and to adopt new technology or to substitute new machinery or more labour. It is important to do this kind of analysis to try to understand which firms will be most hurt and then figure out what other policies you can put in place to help them and/or maybe in some ways buy them off if they are really part of the lobbies.

**Also in your talk you mentioned green growth. What is the main idea behind green growth? And do you believe that green growth is achievable in today's society?**

If you Google ‘green growth’ you’ll find lots of very sophisticated definitions—and they’re all absolutely correct and I love them all—but I like to keep it simple and, basically, to me green growth is growth that does not come at the expense of the environment. So it is the opposite of what we did during the Industrial Revolution. It is growth that does not require grow now and clean up later kind of thing. One important thing, which I think is worth really insisting on, there should be no presumption that green growth is equitable growth. In some cases, as the China example that I gave during the talk, it happens to be an environmental investment or an environmental project that has extremely positive distributional impacts. That is not always going to be the case. Sometimes there will be trade-offs and it is important that they be undisturbed so that mitigating measures can be put in place to make sure that equity and poverty considerations are well-covered.

Do I believe we can do it? My strong belief is that we can grow a lot greener than we do today without growing any slower. Mainly because of all the inefficiencies that I see in the systems today. Improving energy efficiency in buildings is not going to slow anybody’s growth. Energy efficiency in general is a win-win. It does not happen because of a number of market inefficiencies and so on and so forth, but from a sort of overall societal point of view, there is no doubt that that is a positive. And there are plenty of other things. The transportation systems we have now are often kind of dumb. Your average person is sitting in a 5-person car and driving around all by themselves. How dumb is that, right? They take a car that they use at most an hour per 24 hours and use up an entire parking space in the middle of downtown. So, there are infinite numbers of inefficiencies that if we could address

**“There should be no presumption that green growth is equitable growth.”**

we could certainly grow a lot greener without growing slower. What I cannot tell you, and nobody can tell us, is whether it is truly possible to grow perfectly green at the same speed as we can today. I think that is an empirical question that is hugely dependent on technological innovation and hopefully the answer is yes at some point in the future, I do not know that it is necessarily possible today.

**After green growth, and looking at climate change, what sort of research questions do you think will be important if we ever solve climate change for instance?**

I do not think we will solve climate change, I think climate change is going to remain a challenge certainly for my lifetime, but I’m sure for yours as well. I think it is going to be a huge motivation in terms of innovation. Both mitigation and adaptation. So, if you are looking for a place to work, I think that is a very interesting place to work. I think in general sort of Environmental Economics is an interesting area to invest in, but I would try to be broad. Environmental Economics is one application of Economics. So, I would advise you to really have solid micro and solid regulatory economics because that is useful. I think, to be a good Environmental Economist and do good policy work, you really want to understand all sorts of other processes: notably energy, infrastructure—unless you specialize more in the green environmental economics as opposed to the brown stuff. Then you really want to understand the economics of natural resources.
The last 40 years have witnessed tremendous developments in empirical work in economics. In a recent paper, Josh Angrist and his coauthors show that the proportion of empirical work published in top journals in economics has moved from around 30% in 1980 to over 50% today. This is a very important and welcome trend. In this article, I want to take stock of what I see as the main progress in empirical research and look ahead at the remaining challenges.

In my opinion, the main achievement of the empirical revolution in economics is causal inference. Causal inference, or the ability to rigorously tease out the effect of an intervention, enables us to rigorously test theories and to properly evaluate public policies. The empirical revolution has focused the attention on the credibility of the research design: which features of the data help identify the causal effect of interest?

- Do lab experiments approximate real life behavior?
- Do RCTs bias people’s behavior? We know that asking people questions changes their subsequent decisions, and that the subpopulation experimented upon differs from the population of applicants in routine mode.

The achievements of the empirical revolution are outstanding, in my opinion on par with the most celebrated theoretical results in the field. It is obvious to me that in the following years several of the contributors to the empirical revolution in economics will receive the Nobel prize: Orley Ashenfelter, Josh Angrist, David Card, Alan Krueger, Don Rubin, Guido Imbens, Esther Duflo, Michael Greenstone, David Autor. Just to mention a few important achievements, in no way exhaustive:

- Microfinance, once held as a development silver bullet, has been proved not to be effective at reducing poverty while a more integral graduation approach seems to work.
- Trade with China has had major impacts on workers across the developed world, even influencing the recent US election, layoffs kill workers, employers have local monopsony power, it is not so clear that the minimum wage and immigration impact employment.
- The Permanent Income Hypothesis does not seem to hold, multipliers are superior to one, monetary policy has real effects.

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* This text will appear on my blog along with additional links to the studies mentioned (https://economistjourney.blogspot.fr/).
Demand curves are downward sloping but there exists Giffen goods.

Kenyan traders collude, mergers increase prices, and competition decreases them, adverse selection exists in the market for loans.

Pollution kills, even at levels below regulatory norms, regulatory policies work, price policies too. How you allocate emission permits does not matter for the final equilibrium.

Small nudges might have very small or very large effects.

Expected utility does not account for some decisions under risk.

What I find extraordinary is how much empirical results have supported as well as falsified basic assumptions in economic theory such as functioning markets and rational agents. Sometimes agents behave rationally, sometimes they do not. Sometimes markets work, sometimes they do not. Sometimes it matters a lot, sometimes it does not. I think we are going to see more and more theory trying to tease out the context in which deviations might matter or not.

With the empirical revolution, economics has grown a second empirical leg along its extraordinary first theoretical leg and is now able to move forward as a fully fledged social science, weeding out wrong theories, and as true social engineering, stopping inefficient policies and reinforcing the ones that resist empirical tests.

But challenges lay ahead that have to be addressed head on. I am very optimistic since I can see the first responses already taking shape, but I think the swiftest our response to these challenges will be, the most credibility our field will have in the public's eye and the quickest our progress will be.

The first challenge that I see would be an exclusive focus on causality. Science starts with observation, documenting facts about the world that are in need of an explanation. One of the most influential empirical work in the last decades is Thomas Piketty's effort, along with coauthors, to document the rise of inequality in countries all around the world. Observing new facts should also be a part of the empirical toolkit in economics.

The second and most important challenge that I see for empirical research in economics is the one of publication bias. Publication bias occurs when researchers and editors only publish statistically significant results. When results are imprecise, publication bias leads to drastic overestimation of the magnitude of results. Publication bias has plagued entire research fields such as cancer research and psychology, fields that now both face a replication crisis. A recent paper by John Ioannidis and coauthors measures the extent of publication bias in empirical economics and finds it to be very large: "nearly 80% of the reported effects in [...] empirical economics [...] are exaggerated; typically, by a factor of two and with one-third inflated by a factor of four or more."

"Publication bias occurs when researchers and editors only publish statistically significant results."

This is a critical problem. For example, estimates of the Value of Statistical Life that are used to evaluate policies are overestimated by a factor of 2, leading to incorrect policy decisions.

The third challenge is that of precision: most results in empirical economics are very imprecise. In order to illustrate this I like to use the concept of signal to noise ratio. A result barely statistically significant at 5% has a signal to noise ratio of 0.5, meaning that there is twice as much noise as there is signal. Such a result is compatible with widely different true effects (from very very small to very very large). But things are actually worse than that. Ioannidis and coauthors estimate that the median power in empirical economics is 18%, which implies a signal to noise ratio of 0.26, meaning that the median result in economics contains four times more noise than it has signal. I attribute this issue to an exclusive focus on statistical significance at the expense of looking at actual sampling noise.

How to address these challenges? In my opinion, we need to see at least three major evolutions in publishing, research and teaching.

1. Editors have to take steps to encourage descriptive work and to curb publication bias. This requires:
   - Ditch p-values and focus on sampling noise, measured for example by confidence intervals. Confidence intervals make explicit the uncertainty around the true estimate. Present sampling noise in abstracts in the form of “the estimated impact is ±x±y.”
   - Publish null results, they are as interesting and informative as significant results. Favor precise results.
   - Write clear guidelines about what is expected in an empirical paper using a given technique.
   - Require pre-registration of studies, even for non experimental research. Pre-registration prevents specification search.
   - Encourage the use of blind data analysis. This tool, invented by physicists, enables you to write your code on perturbed data and to run it only once on the true data, preventing specification search.
   - Publish replications and meta-analysis (rigorous summary of results, including tests for publication bias).

2. Researchers have to join their efforts to obtain much more precise results. This requires:
   - Take stock of where we stand: organize published results using meta-analysis in order to check which theoretical propositions in economics have been validated or refuted and with which level of precision.
   - Identify the critical remaining challenges: what are the 10 or 100 most important empirical questions in economics? Follow the example of David Hilbert stating the 23 problems of the century in mathematics.
   - Focus all of the profession's efforts on trying to solve these challenges, especially by running very large and very precise critical experiments. Examples that come to mind here are physicists unifying to secure funding for and building the CERN and LIGO/VIRGO experiments required to test critical predictions of the standard model.

3. Teaching economics as an empirical science, by including empirical results on an equal footing with theoretical propositions. This would serve several purposes: identify what is the common core of empirically founded propositions in economics; identify the remaining challenges; help students learn the scientific method and integrate them into the exciting journey of scientific progress.

So many things to do. It is so exciting to see this revolution and to be able to contribute to it!
Imagine some student from around the world contacts you to get information about TSE programs. She is looking to apply for a Master in Economics, but the website is not fully informative (they have clearly no incentives to provide the cons). Are you going to reply? If so, how long will your message be? Would your choice be affected if you shared the same nationality and language?

Many Question & Answering (Q&A) online communities have appeared on the Internet, exploiting three efficiency arguments rising from the above story: first of all, if you put some effort into answering the prospective master student, then maybe others could also benefit from the answer (making your effort more valuable). Second, while you probably do not have any incentives to answer other than for pure altruism, the Q&A system can put in place incentives not only to push for contributions, but also for quality. Here the third advantage comes into play: while in bilateral communication, messages are private, but in a community everything is observable, allowing for the creation of mutual monitoring devices.

The Q&A websites collected under the Stack Exchange label are probably the best of their kind in exploiting these features and they are growing very fast. Stack Overflow, the Q&A website focused on programming language related topics, receives 9.6 million visits per day, 74K new questions per week and currently, counts 15 million questions and 24 million answers since its launch in 2008. The other websites of the family are less popular, but still not negligible. For instance, Ask Ubuntu, which focuses on the Ubuntu (Linux) OS, receives 587K daily visits.

The incentive structure in place is very sophisticated: they exploit two incentive devices, badges and reputation points. The first are sort of medals, rewards that are delivered to community members when they accomplish a predetermined task, such as publishing a given number of answers. There are 94 of those, each specifying different “missions” that are more or less difficult to achieve. Reputation points are instead of the principal mechanism, and are awarded, for instance, through up-votes that community members allocate to your questions and answers. If users care about accumulating them, the system succeeds in incentivizing both posting content and making more effort for higher quality: the rest of the community has to find your post useful to upvote it and they can also punish you with down-votes.

What has all of this got to do with Economics? A wide literature develops models of communication and information transmission. Motivated by the problems caused by asymmetric information, researchers investigated how different incentive structures can lead to a variety of outcomes. Communication may occur or break down, the message may be informative (i.e. internalized in the action of the receiver), or leave the receiver indifferent.

These questions are of interest for many applications. My interest is to study them within the context of organizations, since information sharing between employees and between collaborative production units is often essential.

In Stack Exchange, information sharing is at the heart of the organisation. Even if it looks very different from our usual idea of a firm, we do observe a group of people producing a service, i.e. providing answers. This product not only benefits the community that produces it, but also a production unit.


did you see the orionid meteor shower last night?

1 Median number of visits between January 21 and February 4, 2018, source: https://stackexchange.com/sites?view=list#traffic. The comparable statistics reported afterward have the same source.
far larger group of Internet users that have the same questions asked by community members. Stack Overflow has 8.4M registered users which are likely not sustaining 9.6M visits per day. A significant share of these visits come from unregistered users. The latter group differs from the registered users, as they are completely extraneous to the system, and are often unaware of using Stack Overflow, by getting to the answers directly from the search engine.3

As all organisations, Stack Exchange has a power structure (i.e. a specific distribution of authority), but it is very different compared to others. To give an example, Facebook is also an online community that creates content, sharing many features with Stack Exchange such as self-monitoring mechanisms. Nevertheless, in Facebook the authority is in the hands of the CEO or his delegates, who have the power to make the final decision. Users can propose the elimination of posts but can’t directly delete them.

Stack Exchange is rather a community-managed system. Even if it is formally a company and has a CEO (Jae Spolsky, also co-founder), authority is released to community members based on the amount of reputation points accumulated with their activity.

More specifically, there are 26 “privileges” awarded sequentially once the users reach a certain level of reputation. They span from allowing more flexibility on posting behaviour to access to moderation tools and so on.

It took me some time, but finally here is the initial research question of this project. Do community members care about achieving these privileges? If so, do they adjust their amount of activity to obtain the privileges faster?

“In Do community members care about achieving these privileges? If so, do they adjust their amount of activity to obtain the privileges faster?”

There are two possible hypotheses that would justify positive answers. The first refers to what is denoted “gamification” 4 of the system. In other words, community members see the higher privilege as a target and they “get fun” by obtaining a high enough reputation level to get it. An alternative possibility is that gaining authority within the organisation incentivizes users: if I am approaching the “moderator” level of authority and that role gives me utility for the powers that comes with it, I will then try to get it as soon as possible.

I used data from the Stack Exchange website denoted “Ask Different” which concerns questions and answers over Apple products. The carried analysis is for now very preliminary. Identification is based on the assumption that, given their average rate of posting, each user may or may not change her activity level (posting of questions or answers) when approaching the achievement of the privilege.

In practice it consists of a linear regression with discontinuities. It relates the accumulated amount of reputation to the amount of activity and checks for significant changes of activity for reputation points levels close enough to the privilege thresholds.

In the preliminary results, out of 7748 users, 2330 are significantly sensitive to the privilege thresholds, which means that, for some reason, they modified their usual pattern of posting by increasing or decreasing the amount of activity. Sensitive users are heterogeneous, in the sense that some appeared to have positive change in activity while others have negative changes. The projects will then aim to measure the impact of incentives on the quality of the content.

“To conclude, incentive mechanisms that push people for more and more voluntary online contributions are becoming increasingly popular.”

To conclude, incentive mechanisms that push people for more and more voluntary online contributions are becoming increasingly popular. If they allow the existence of open-source projects, they also allow many for-profit firms to boost their revenues, using review systems, for instance. And we start now to see the first “fun-facts”, as soldiers using the Strava running app disclosed the secret locations of military bases. Was it the search of prestige or just negligence?  

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3 96.9% of unregistered users visit only the question they are interested in, without going through the home page or other sections of the website. Source: “Does Anyone Actually Visit Stack Overflow’s Home Page?”, D. Robinson, 2017, Stack Overflow Blog.

4 Here the word “game” does not refer to Game Theory, but rather to computer games or other games in the more general sense.

Between classes, you decide that you need an injection of caffeine to help you remain awake in your afternoon Game Theory lecture. You walk briskly to the café and order your noisette. When it comes time to pay, you take out your iPhone and hold it to the point-of-sale system, quickly and conveniently purchasing your beverage via Apple Pay, without the direct usage of any cash or card. As you sip your stimulant, you remember that it’s the first of the month and your propriétaire is expecting his monthly rent. Not wanting to further damage your already strained relationship with him, you open up the Hello bank! app on your aforementioned iPhone and transfer the payment seamlessly by simply entering his mobile number. With a few minutes more to kill before class, you check in on the performance of the savings you sensibly set aside from your last internship by similarly accessing the app of Marie Quantier, an up-and-coming robo-advisor.

“*But if we were to rewind the clock by less than two decades, this story would read as science fiction.*”

Does this short anecdote resonate with you? If it doesn’t, it may well soon as it is doing so with increasingly more consumers, and disproportionately with Millennials such as yourself.

But if we were to rewind the clock by less than two decades, this story would read as science fiction. Rather, the coffee would likely have been purchased in cash, which would have been withdrawn from your local bank branch. The payment to the propriétaire would have been via cheque (drawn on your account at that very same branch). Moreover, any savings assessment would have taken place upon receipt of your physical monthly or annual statement—and, by the way, your savings were probably managed by that same bank as well.

These two tales illustrate the seemingly striking contrast between the retail banking sector of old and new. But more importantly for us economists at TSE, they highlight how competitive dynamics within this sector have and are continuing to undergo immense change. Consumer tastes in their banking services are changing—hastened further by the Global Financial Crisis—and new (and old) firms are responding in kind.

Historically, consumers had a personal relationship with their banker—indeed, our parents and grandparents would have consumed nearly 100% of their banking needs at their primary banking institution. As a result, banks competed heavily on geographic distribution (i.e. accessing customers through local branches was paramount). Another important characteristic of the legacy retail banking industry was that of high switching costs. As a
single bank had a near monopoly on all of a consumer’s banking needs (deposit/savings accounts, mortgages, etc.), consumers required large incentives to even consider changing their bank, not to mention the close relationship cultivated with their personal banker over the years. Taken together, this likely led to some form of “bargains-then-ripoffs” pricing, with banks competing aggressively to acquire new customers so as to benefit from higher revenue later on, once a consumer had committed to a particular bank.

“Historically, consumers had a personal relationship with their banker...”

Today, this relationship is quickly becoming obsolete. As consumers become more tech-savvy, they become more comfortable performing banking transactions online or by mobile. In fact, over 50% of Europeans have used internet banking services in the past year, while 62% of Americans primarily bank digitally. As a result, the need for a physical footprint is becoming less relevant—or in economics parlance, consumers receive less utility from location preferences than they once did. Indeed, the number of bank branches has continued to decline steadily since the Recession, down 5% in the US and a staggering 20% in Europe.

“As consumers become more tech-savvy, they become more comfortable performing banking transactions online or by mobile.”

Further compounding this change is the precarious financial situation that many households and individuals have found themselves in following the Financial Crisis. For instance, the ongoing deterioration of the middle class coupled with Millennials’ continued penchant for avocado toast has led consumers to be more price-conscious in their banking needs. Nearly 40% of Europeans have changed or are planning to change their main bank and 43% of those planning to have cited price as the primary factor in their decision. Needless to say, successful banks ought to focus on pricing more competitively.

Not surprisingly, a number of new entrants have moved into a sector that has long been dominated by the same firms for hundreds of years. In France alone, new banks without any branches, such as Compte-Nickel and N26, have stepped in to serve this changing consumer base. Despite lacking recognizable brands and enormous marketing budgets, these new competitors have been able to successfully challenge incumbents given their low fixed operating costs (i.e. few employees and physical locations) and technological nimbleness (i.e. no need to consider existing clients/systems).

Given these colossal changes, where does that leave legacy retail banks, such as BNP or Crédit Agricole? The answer largely depends on how they adapt their businesses to the changing preferences of the consumer. The previous chart illustrates that banks are already beginning to rationalize their physical footprint, but are they doing so at a sufficiently fast pace? Furthermore, can these banks successfully leverage the massive amounts of customer data that they have accumulated to provide better, more personalized services, possibly increasing customer loyalty, and with it, switching costs? Can incumbents provide the ease and competitive prices being offered by the slew of neobanks? I believe it is safe to predict that banking, particularly for our generation, is likely to become more competitive and customer-centric for the first time in decades, thanks to the plethora of new entrants utilizing technology to revolutionize retail banking.

“As you sip your stimulant, you remember that it’s the first of the month and your propriétaire is expecting his monthly rent... you open up the Hello bank! app on your aforementioned iPhone and transfer the payment seamlessly by simply entering his mobile number.”
Vanilla: The new black gold?

by Jacqueline Seufert

To find a bubble, one does not need to dive into the world of Bitcoin, but only to lift the lid of the cookie jar in the kitchen. The price of this valuable spice has been rather salty lately. At the current state, vanilla is more expensive than silver, and second only to saffron.

Madagascar is the main producer of vanilla, with nearly 80 percent of the market share. Since the liberalisation of the market in 1989, the business has boomed. Disaster struck in March 2017, when Cyclone Enawo devastated the country’s vanilla orchid crops. Even though only 10 percent of the land was destroyed, Enawo was the worst storm to hit Madagascar since 2004 and inflicted $400 million damage, about 4 percent of the country’s annual GDP.

Although markets reacted to the external shock of the destruction caused by the cyclone, the true threats to vanilla harvests are unrelated to the weather. In particular, a rise in criminality has directly impacted the farmers. As theft of crops has increased, growers of vanilla crops have been forced to permanently supervise their fields. Also, rosewood smugglers buy huge amounts of green pods, irrespective of the quality, to launder the money from their illegal business and turn their illegal proceeds into legally generated money.

Another reason for skyrocketing prices is the deterioration of the quality of harvests: farmers gather their crops before maturity due to the fear of theft and the belief that prices may fall right before harvesting season.

Even though the increasing trend towards natural ingredients has driven up the demand for pure vanilla, the sharp increase in prices for the scarce good has led to a decrease in demand by 30%. Many producers of ice cream, candy and fragrances have increased their spending for Research and Development to create artificial vanilla with an authentic flavour. Despite the consumers’ desire for pure vanilla, 90% of vanilla flavours are still artificial. The most common substitute, vanillin, is gained from raw oil. Whereas real vanilla yields prices up to $1500 per kg on the world market, vanillin prices amount to $10 to $20 per kg.

Naturally, local producers have reacted to the shifts in the market. Large exporters from whom the flavour houses buy vanilla beans do not rush into selling their stocks, as they have lean inventories, but rather demand 50% of the payment in advance. In addition, farmers use vacuum packages to keep their beans moisturized and thus heavy. However, the local Malagasy government banned this practice as it yields poor quality beans with low flavour. The traditional method of curing and drying requires several months of work but results in supple beans with a high flavour profile. By abolishing traditional practices, Madagascar’s reputation as producer of high-quality vanilla would suffer. Furthermore, farmers withhold their beans to earn at least $800 per kg. This drives up prices even further as extract manufacturers pay ridiculously high prices to fulfil their contracts with international food companies. Some end-users have chosen to endure the period of hardship, some others are reformulating recipes, while others are trying to cut costs. Secondary vanilla products such as vanilla seeds are also in high demand and selling at record high prices. Neither of these products imparts any flavour nor fragrance.

The vanilla market follows the classic pattern of a bubble. Small players on the market start speculating and even experienced participants in the market do not see prices coming down which might indicate an impending crash. The last time Madagascar experienced a similar crisis in the vanilla market was 2001, when storms destroyed large parts of the annual harvest. In less than three years, the prices increased by 1500%, from $20 to $500 per kg. The low quality of Malagasy beans forced international companies to turn to other producers, such as Indonesia or Papua New Guinea. However, these countries are less experienced with the growth of the spice, and they are yet to challenge Madagascar’s reputation as the world leader in gourmet vanilla. With respect to this development, one might wonder: Why does this happen with vanilla but not chocolate or coffee?

There are viable alternatives to vanilla beans such as imitations and “natural flavours”. Vanilla is a far smaller industry than chocolate or coffee. These are traded in millions of containers each year; vanilla comes in at roughly 2300 – 3000 tons in a successful year. Consequently, vanilla is not traded on the international commodity market. There are no protections for vanilla farmers and no rules or sanctions on the industry.

Although the vanilla market remains as volatile as ever, the likelihood of a price collapse in the near term is low. The demand is extremely difficult to quantify. There is little doubt that global consumption has dropped, but the exact figure is hard to determine. However, the figure has not been sufficient to reverse current pricing trends. In conclusion, making a clear prediction about the vanilla market remains impossible.
SPOTLIGHT

CRYPTOCURRENCIES
Cryptocurrencies: from fringe to mainstream... and back?

by Joël Bréhin

Although the hype has died down a bit in the last few weeks, cryptocurrencies still are a major development in the finance industry. This article aims to provide an introduction to this issue’s Spotlight to explain the driving ideological forces behind cryptocurrencies and to introduce some of the main arguments on their utility.

Most proponents of cryptocurrencies argue that the decentralised nature of cryptocurrency can bring about a brave new world where property and free trade are guaranteed without the legal authority of the state or the market power of corporations. This belief is based on libertarianism or anarcho-capitalism, an ideology stemming from Austrian School economists such as Hayek and Rothbard as well as public figures and politicians such as Ayn Rand, Ron Paul and his son Rand (now a Republican representative in the US). The main idea is that states and corporations are inefficient and tyrannical in nature, that they only exist as parasites, and that everyone would be better off in a society driven by self-interest. They argue that the ideal society is one of private individuals and private wealth where everyone is able to trade with everyone, on anything, at any price, and however they please without impediment; they believe that private interests would produce the most desirable outcome. In short, it is an extreme form of Smithian liberalism, oblivious to the shortcomings of market interactions when providing safety and welfare, and to the sometimes-rotten character of humans.

Cryptocurrencies are seen by their libertarian founders as a means to bring forward this new society of free, unbounded exchange. The ability to provide a decentralised control for currency has been the Holy Grail for libertarians as it would remove the material hurdles and the need for trust in the other agents they previously struggled with. With this tool, they hope to finally get rid of the governmental control of money. This is also bound to their distrust of the state as they are eager to put forward failures of monetary policy and practices in authoritarian states such as Venezuela as examples, while disregarding the constitutional independence of central banks in most advanced economies.

“Making it a proper currency would make it illegal in many countries.”

Many disagree with this stance, notably figures of the “establishment” such as Nobel Prize winners Jean Tirole and Joseph Stiglitz, and professionals like Jamie Dimon (CEO of JP Morgan) or Warren Buffet (investor and business magnate). To focus on a local personality, Jean Tirole argued in the Financial Times that bitcoin was a pure bubble devoid of intrinsic value but worse than that it prevents counter-cyclical monetary policies and constitutes a privatisation of money, a return to a form of feudality where private interests drive monetary policy in complete disregard for the public interest. His argument relies around the way bitcoin and most other currencies are “created” by private individuals who compete for energy, as the more energy you have the more money you can create and sell. In addition, these miners are also rewarded by transaction fees so cryptocurrencies do not fix this issue but make it worse as the more transaction are made, the more users have to compete to attract the attention of miners with higher transaction fees.

Among the issues raised by cryptocurrencies a very practical one is their extreme computational requirements that translate into huge energy spending. This is far from the energetic frugality needed in a context of global warming and resource rarefaction. Another problem is the anonymity of bitcoin users; law enforcement authorities took some time to learn how to use the structure of blockchains to their advantage. In its infancy, bitcoin was emblematic of the libertarian “every trade is fair trade” outlook, it was essentially a fringe currency, mostly popular among hackers and criminals. Before its shutdown by the FBI in 2014, The Silk Road—a dark web platform for trading drugs weapons and hacking services—accounted for 5% of the total bitcoin transactions. Today, bitcoin has shed this image to become more mainstream (used by everyday savers and investment banks), but other currencies such as Monero, Zcach, or Dash are reportedly still favoured by criminals because they offer an extra layer of anonymity.

Although supposedly safe, cryptocurrencies have not been immune to theft. An illustration of this is the collapse of Mt Gox back in 2014, one of the most popular bitcoin exchange platforms at the time. Private keys were stolen to some of the wallets it used for business as early as 2011, and the thieves used them until discovered in 2014, when company filed for bankruptcy. The issue here was with the human factor, keys left unattended, but it had resounding consequences for the cryptocurrency market as for the first time their business resonated outside of the specialised press. In Japan (where Mt Gox was located) the case was even raised in the National Diet (the Japanese Parliament) and the government was forced to take notice and regulate. Today Japan has one of the most advanced legislations...
when it comes to cryptocurrencies: it has been made clear that their trade is legal but that it must follow every bit of regulation attached to financial assets. In April 2017 it went as far as to change their definition to a “form of payment”.

The debate on the nature of bitcoin, whether it is a currency, an asset or a commodity is at the core of the legal challenges it faces. For instance, some Russian courts have classified bitcoin as a currency, which would make it illegal to use in Russia as only the ruble is legal. Making it a proper currency would make it illegal in many countries. Is it a currency from an economic point of view?

In economics, a currency has to satisfy three functions: unit of count, intermediate of exchange, and store of value. There is no discussion as to whether bitcoin can be a unit of count, it can. The other two functions are harder to satisfy. Regarding the storing of value, there is an issue with the volatility of cryptocurrencies, even compared with gold (a common analogy made by bitcoin traders). Regarding the means of exchange function, the problem lies with the need for a critical mass of users, especially since the increase in the value of bitcoin has led some actors that previously accepted bitcoin payment to remove this option (e.g. Steam).

Is it a commodity or an asset then? A commodity is simply a standardised asset; an agent is willing to exchange commodities at a rate of one to one (ore is typically a commodity while houses are not). Tax administrations and jurisdiction usually classify cryptocurrencies as commodities on which VAT (value added tax) must be paid when bought and sold. Authorities have also been really clear that the innovative character of cryptocurrencies was not an excuse to not pay tax on capital gains.

The issue of regulation has been made more pressing by the ICOs craze of late 2017, an ICO (Initial Coin Offering) is somehow the crypto-twin of initial public offerings in regular finance. ICO enthusiasts present it as a way to raise funds for start-ups. Instead of money from investors being exchanged for shares in a company, cryptocurrencies are exchanged against tokens giving rights on the finished product of the start-up. In most cases these ICOs are used to create new cryptocurrencies, the tokens being units of the future currency. The emergence of the Ethereum platform where ICOs are proposed and the rising price of cryptocurrencies has made some investors extremely interested in this kind of deals. However, they have always been risky and have worried authorities. Indeed, the founder of this same Ethereum platform says that most ICOs proposed on his website are probably scams. Many countries such as China, Russia, and South Korea have strongly limited these coin offerings in order to protect consumers (or reinforce their monopoly depending on who you ask) and it is understandable. China went as far as to block access to trading platforms.

ICOs have accompanied the shift in perspective of cryptocurrencies. This craze—or bubble as we can now call it since it has largely collapsed—can also be seen as a shift from the traditional users to a broader audience. This shift has not happened by accident, but under the combined effect of media attention and aggressive marketing. This aggressive—if not feral—marketing is exemplified in two cases. One of them is the creation of an idol group in Japan where each member is representing a cryptocurrency, the goal being to make cryptocurrency trendy and to appeal to consumers who are not necessarily financially literate. In France, reality TV personality Nabila Benattia advertised bitcoin on Snapchat to her teenage audience, a practice that warranted her a warning from the market authority.

With the recent developments on the cryptocurrency market, the bubble bursting and the end of what looks like a very short-lived trend, cryptocurrencies may go back to their ideologically motivated, fringe roots. However, their collapse and the subsequent media and public attention has revealed many of their adverse effects to regulation authorities and consumers. On the other hand, the supposed freedom from states that it was supposed to bring has mostly been enjoyed by criminals, while the claims of libertarian proponents remain theoretical. Furthermore, this ideology is not widespread outside of the United States, and the global political trend seems to be a return to protectionism, or even to nation-states.

A technical explanation of bitcoin and blockchain can be found on our website (www.teconomist.com) in the Spotlight section.
When Blockchain will do what current institutions do not

by Arthur Hill

As the hype surrounding cryptocurrencies is behind us, this does not mean that the technology underlying the functioning of those currencies is a force to be reckoned with. Don and Alex Tapscott gave a good summary of the promises of the technology: “The blockchain is an incorruptible digital ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value.”

The father of Institutionalism Douglas North said that one of the missions of institutions is to lower uncertainty about one another. And this is where the blockchain technology comes into play; public registry transaction history are unforgeable blocks of data. In developing countries the lack of functioning institutions is a major problem, and blockchain is bound to provide a solution for some of the problems holding back the developing world.

Money transfer giant Western Union has recently sent mixed signals about their position toward cryptocurrencies and blockchain. First, by banning any transaction involving digital currency, then by announcing it might use Ripple technology as the basis for its money transfer activities. The international money transfer giant could well be one of the first to be impacted by the blockchain technology.

Remittances, which totalled $429 billion in 2016, are worth three times as much as all the foreign aid distributed by various governmental institutions worldwide, and they are likely to be more effective dollar-for-dollar. Unlike aid, notoriously passing through corrupt politicians and inept bureaucracies, remittances go directly to recipients, where they pay for actual needs such as schooling or medical expenses.

But this valuable if not vital flow is dried up by the money transfer institutions that charge a so-called super tax for money transfers going toward Africa and Asia, where the cost of sending money is from 2 to 5 times higher than sending money between developed countries. According to the British Overseas Development Institute, Western Union and MoneyGram account for $586 million of the loss associated with the super tax.

Here the blockchain technology would be very valuable in making the middle man redundant and allowing millions of dollars to reach people in need. According to Jeremy Allaire, CEO of a blockchain-based service new to the remittance market called Circle, “In 5 years or 10 years, the whole idea of a remittance or cross-border payments will be gone, just like we don’t have cross-border email, or cross-border web browsing. It’s just the internet.”

But experts believe the business and regulatory issues are still holding back the development of those solutions. Most of
these have to do with keeping out criminal and terrorist networks out the system making for a pretty high barrier to enter the market. Western Union is not dead but it is making its way through future turbulence.

**Don't trust your governments, trust the tech**

Blockchain has been coined by many as an antidote for corruption. An Executive Opinion Survey carried out annually by the World Economic Forum, and covering almost 6,000 enterprises in over 100 countries, found that firms consider misgovernance and corruption as major obstacles to their operations. In turn fewer companies coming to those countries to do business is holding back other swathes of the economy. Myanmar and Indonesia are setting up some a blockchain system that could help monitor the use of public funds on a public ledger open to public scrutiny. Some African countries could also have a lot to gain—in terms of preventing the portion of their budgets that go down the corruption drain—from more transparent and therefore accountable government.

“Blockchain would allow poor people to have a publicly available unforgeable record for their past transactions.”

Another concern voiced by many NGOs is that financial flows of aid will be dried by corruption and administration mismanagement before reaching the project it was intended to back. There are plenty of examples of gently labelled “misuse” of World Bank loans that are intended to build schools and hospitals but which end up building a football stadium or renovating a politician’s mansion.

Because the core of the technology is to keep track of transactions, a widespread use of a blockchain technology would make for an easier monitoring of the use of public funds by anyone as the records would be available to anyone. In a more distant future, we can even imagine a world where foreign aid did not get consumed in the bureaucracy but went directly to the beneficiary under a smart contract.

Worldwide, seventy percent of all people who own land have a tenuous title to that land. Land grabbing is a major problem in developing countries where a well-directed bribe can make land change hands in a matter of minutes. Because of this uncertainty, many people do not make proper investment on their property for fear that it will be seized by unscrupulous businesses or persons close to the power if they become too attractive. Another interesting consequence would be to allow them to use this well-secured title to lend as a collateral to a loan and be able to make larger magnitude investments. This leads us to the potential contribution of blockchain technology on the long road to financial inclusion.

Accessing financial services is one of the key issues hindering development in the poorer part of the globe. Because the current financial institutions have very high transaction cost, many poor people do not have access to formal financial services because it would not be profitable for banks to serve them. This is where the blockchain can provide some interesting solution to the two billion people worldwide who currently do not have access to banking services by reducing the need for a costly middle man.

Many people and businesses are currently held back from expanding because they cannot get access to credit or even basic financial services such as a bank account. As seen before, getting appropriate land title to use it as collateral is one of the ways it could help people get credit. However, without assets and a stable income, most poor people are often denied by traditional lenders.

Blockchain would allow poor people to have a publicly available unforgeable record for their past transactions, making up for a lack of credit credentials if they wanted to access credit through traditional banking institutions. But in the longer term, blockchain would also allow people to be able to finance themselves without even going through current financial institutions.

Research funded by the Bill and Melinda Gates Foundation has found that mobile money services have lifted 194,000 Kenyans out of poverty, with a particularly large impact in female-headed households. With a widely used blockchain-based financial platform, the consequences could be of unprecedented scale allowing potentially millions to be lifted out of poverty.

Amongst the reasons cited for the lack of access to the formal economy, two are key. The first one is the lack of reliable record keeping systems in developing countries, the second being the reluctance of people to give information about themselves and their transactions for lack of trust towards their government. With blockchain, people have to trust the technology, but they do not have to trust their governments and it provides solutions to those two major problems holding back the developing world.

As Steve Jobs used to say “technology should be either beautiful or invisible” and blockchain technology right now is neither, but it holds great potential to become so and have great repercussions on the developing world.
The prices of cryptocurrencies across the board have recently taken a large dip and no one knows in which direction they will go in the future. The falls in prices largely had to do with bad news and hence a more pessimistic outlook on how governments across the world want to regulate cryptocurrencies.

Is this because governments believe that cryptocurrencies are overall welfare-decreasing? Do they see a need to protect their citizens from fraud, or to prevent the emergence of dark markets? Or do they mainly see their monetary monopoly threatened and want to prevent alternatives?

Cryptocurrencies are tokens, given out by private entities. Primarily, they are tokens with which you can pay other people that are willing to accept them. The fundamental value of any cryptocurrency relies hence only on the trust of other agents in a system. It is an unbacked asset—a bubble. Their original intention was to reward the miners that confirm transactions on the blockchain protocol. In a nutshell, the mechanism works as follows: Every agent in a network keeps track of the money (property rights...) that every agent has on that network. The agents are anonymised, so that no bank balance can be linked to a known individual. When money, an asset, or any certificate is transferred from one agent to another, everyone in the network writes the transaction down. A “block” consists of a fixed number of transactions. When a block is full, it is encrypted with a prime-factor passcode. Now to validate the block, each miner in the network tries to find the prime factors. The first miner to find the two prime factors of the passcode is rewarded with a crypto-coin.

“It is an unbacked asset—a bubble.”

So what effects do these coins have? Firstly, the blockchain or similar protocols greatly reduce the need for intermediaries in the economy. When everyone in the network keeps track of the transactions, the original—not just a copy—of any document can be sent electronically. On a trusted blockchain network, money, contracts that certify ownership rights, and other official documents could be sent from one person to the next instantly—they would not need months to arrive and could be transmitted across the globe. Students would not have to wait months for their university degrees, or ask their friends to pick them up if they moved abroad in the meantime. Money transfers to friends in other countries could be done without paying a fee to Western Union. Even though bitcoin requires fees for transactions, to reward the miners, the most developed blockchain-like protocols...
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can operate completely without miners and hence without any transaction fees.

In fact, banks are the largest and most commonly used intermediaries whose business models are threatened by these protocols. Nowadays, banks take the following roles as intermediaries: they pool resources from savers and lend them out to firms; they specialise in gathering information on their borrowers, and select only the projects they deem profitable. The combination of these two roles reduces the risks faced by savers compared to the case where savers lend directly to entrepreneurs. Blockchain protocols reduce the role of banks to the second point: analysing which projects deserve to be financed and which borrowers are creditworthy.

Other services that banks offer nowadays (which are economically unnecessary) are financial services: the selling of stocks, bonds, options, and other derivatives. Take as an example the New York Stock Exchange: as an individual, it is impossible to purchase any product sold there. Instead you have to call your bank and ask them to buy it for you at a small surcharge.

With blockchain protocols, you can not only buy products that are bought and sold on stock exchanges without any intermediary, but you can also create your own financial products and trade them securely. The blockchain-based firm “Augur” is a company that facilitates these services: on their website one can create an option or derivative, a “bet” on the evolution of a financial product. Then one can buy or sell “bets” to people who believe that the opposite will happen. You are rewarded both when you win your bet, as well as whenever other market participants buy the bets that you created. In other words, any market participant can pocket the mark-up that banks nowadays charge for the creation of options and derivatives.

Cutting out the middle man in such transactions could greatly enhance efficiency in the financial sector and lead to welfare gains. But it also offers vast new possibilities to savers who live in countries with imperfectly functioning banking systems. When they can securely buy options on any financial product in the world, they are incentivised to save more. This could increase capital stocks and growth.

Moreover, cryptocurrencies are the only assets which can be held at zero cost and zero interest. Cash of a publicly-backed currency was long thought to be such an asset—however this view has been challenged recently when central banks managed to push interest rates below zero. The reason is simple: it is not possible to hold large amounts of cash without having to invest into secure means of storing it. These are usually voluminous, heavy, and impractical. Large amounts of a cryptocurrency, however, can be stored easily and safely on the blockchain network. The only cost is to remember or safely store a password “key” of your wallet.

Possessions on a blockchain network can, in theory, not be stolen at all, as every agent in the network keeps track of everyone else’s balances (unless someone manages to take over the entire network).

This means that the zero-lower-bound on interest will be truly unbreakable in a world of stable cryptocurrencies. Stable cryptocurrencies would thus discipline central banks not to lower interest rates below zero. This goes to the benefit of savers who, in the aftermath of the financial crisis were struggling to find any safe asset that yields positive return.

So far, cryptocurrencies are far too volatile to be this kind of asset. There are multiple reasons for this: the first one is that there are currently very little means for securitisation. Platforms such as Augur are still far from their breakthrough into mainstream financial markets. Secondly, the cryptocurrency world needs to overcome the regulatory hurdles. Only with the certainty that cryptocurrencies will not be banned by governments can they succeed. Governments have responded very differently so far: while Japan has embraced the competition of cryptocurrencies amongst each other, South Korea has decided to ban them altogether. Yet other countries are developing their own methods to capture the benefits of cryptocurrencies but maintain a degree of control over the economy. Which adaptation works best remains to be seen.
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We highly encourage you to visit their website to see more content at http://politicsandpolicy.org/, we will be sending some issues of this magazine to their campus to be read by their students, we hope to distribute some of their issues in Toulouse soon!
One of the first official decisions that Donald Trump made after his inauguration was to withdraw US support for the Trans-Pacific Partnership (TPP). Mr Trump argued throughout the election that the pact, and many other global trade deals, was harmful to American companies and American workers and that he would withdraw from it immediately. He followed through on his word. When he withdrew from the partnership, Mr Trump stated he was going to “stop the ridiculous trade deals.”

“Historically, one of the best ways for a country to increase its economic prospects is to join the global trading system.”

Mr Trump is hoping to radically reshape America’s trade policies and partnerships, which will have an enormous impact on the country’s economic outlook. Mr Trump’s aggressive stance on trade is sure to have a strong impact on how the country is viewed on the world stage. In the short term, there may well be a surge in American manufacturing and a rise in the number of Americans choosing to purchase products made at home, but in the long term this approach to economic growth is unsustainable. It is only through prominence on a global stage and by exporting to, and working with, the rest of the world that the long-term growth for American businesses that Mr Trump is promising can be realized.

Historically, one of the best ways for a country to increase its economic prospects is to join the global trading system. This is how many European powers regained their economic strength following World War II, and, more recently, how countries such as China, India, and South Korea moved so quickly from poverty-stricken and indebted to major economic powers. While America is already economically strong and stable, by limiting American presence on the world economic stage and having a more introverted, insular approach to trade, Mr Trump is severely limiting the market available for American made products.

As Chinese influence on the world stage continues to grow, particularly regarding its exports, the TPP was seen as a way to create an economic bulwark against its rising economic power and tie the Western world to East Asia. Other Western countries, such as Canada and the UK, remain a part of the partnership. There is a strong fear that an America outside of the TTP alliance will continue to look inwards, leaving the path clear for China to continue its rise to global power and dominate the Asian export market.

President Trump won his recent election using the slogan that he would “make America great again”, but in reality, for most white working class Americans, it is likely that President Trump will be making their America poor again. Although poverty currently remains a very real problem in the United States, in the past 50 years, there has been a dramatic decline in the number of Americans living in poverty. It is predicted that under Mr Trump’s leadership, many Americans who have been struggling to make ends meet on a monthly basis will be plunged further into debt, with little social safety net in place to catch them when they fall. What’s more, those living in poverty in the rest of the world and relying on American trade for survival have good reason now to be concerned. By opening up markets under Barack Obama and choosing to import products from the world’s poorest nations, rich nations were creating jobs in countries where acute poverty is rife. These jobs created thanks to American imports through pacts such as the TTP saved millions from lives of destitution and those same people will now worry about their economic future.
Fake news in Europe

by Alex Smith and David Gernon

Rarely has the truth been more subjective.

The victory of businessman-turned-politician Donald Trump in November blindsided many people, causing journalists and political scientists to wonder what they might have missed. One phenomenon some have pointed to to explain Mr Trump’s surprising triumph has been the rise of so-called fake news on the internet. An analysis from FiveThirtyEight, a website that takes a statistics-based approach to covering politics, showed that the term “fake news” had almost no mentions on the popular internet forum Reddit until late October but has since skyrocketed.

Most fake news comes from Facebook, where it is just as easy to share a story created by enterprising teens in Macedonia as one reported from the New York Times. In the hopes of maintaining a claim to objectivity, Facebook refused to censor any stories, calling itself a social network and not a media company tasked with making editorial choices. Reports circulated claiming that Facebook had developed a tool to stamp out fake news, only to shelve it over concerns the site would appear partisan. After much public agitation, Facebook unrolled a number of measures such as fact-checkers and an option for users to report shared content as fake.

Working with Google, Facebook implemented measures aimed at combating the spread of fake news by clamping down on paid advertisements that spread falsehoods. Although Facebook may wish to remain apolitical, imaginary news can have real consequences. In December, a man was arrested for opening fire at a restaurant in Washington DC; fake news circulated that the restaurant served as cover for a child sex slave ring orchestrated by Bill and Hillary Clinton.

The company stepped up its efforts in Europe, ahead of the pivotal elections that took place place across the pond. In Germany and France, two places seen as likely targets of fake news, Facebook rolled out a “disputed” tag for stories that outside organizations rule as false. Late in 2016, a law proposed by senior German legislators aimed to combat manipulation ahead of this year’s parliamentary elections. The law would require Facebook and its social media peers to act within 24 hours to remove a flagged post.

With the elections in Germany, France, the Netherlands, and potentially Italy, Europe struggled to fortify itself against the tide of fake news. Amidst rising populist sentiment throughout the continent, fake news may have had an influence these pivotal elections, threatening the stability and cohesion of the European Union.

Russia has taken notice. In an attempt to punch above its weight amid serious structural concerns at home, it has recently taken to actively exporting what was initially meant only for domestic consumption: propaganda. Taking advantage of the anonymity and anarchy of the internet, Russian troll factories have spread fake news throughout the continent, influencing voters and harassing journalists who attempt to expose them. Many incidents have been clear attempts to promote Russian strategic interests abroad, with fake news aimed at undermining public support for NATO and stoking resentment towards refugees. Russians posing as Ukrainians have attempted to influence Dutch policy towards the embattled former Soviet satellite state.

German parliamentary elections took place on September 24th 2017. Angela Merkel was been a major target of fake news due to her bold advocacy for the EU’s refugee program, and observers were concerned that they may be the deciding factor in an already-tense election.

French presidential elections were held on April 23rd 2017. François Hollande, the incumbent, had refused to run and his Socialist Party fared poorly. Emmanuel Macron and Marine Le Pen faced off in a runoff election on May 17th, with Mr Macron emerging as the new president. But in a population rattled by devastating terror attacks, further terror activities and a preponderance of fake news could have shifted the outcome of the election by pushing more voters towards Ms Le Pen.

“Although Facebook may wish to remain apolitical, imaginary news can have real consequences.”

The EU is, in light of the American election, treating fake news as a credible threat and taking steps to mitigate its effects. While there are reasons to believe that small audiences for the major fake news propagators as well as increased preparation – through new social media practices, security measures, and laws – will minimize the effect of disinformation in European elections, it is simply too soon to tell. It is also unclear whether regulation is the best method to tackle fake news, or whether it even has its purported effect. The fake news pandemic caught the United States by surprise; it is much harder to pull off the same trick a second time.
Angela Merkel’s test

by Avi Dravid and Xinyang Zhou

Germany recently held federal elections for the Bundestag, the national parliament. The center-right Christian Democrat Union (CDU) gained 33% of the vote, essentially securing Angela Merkel’s fourth term as chancellor. The Social Democrats (SPD) secured 20.5% votes, retaining their position as the Bundestag’s second largest party. However, both parties saw their vote share drop precipitously since the last election, marking the decline of public support for Germany’s traditional parties and an upswing in support for more radical political alternatives.

The far-right Alternative for Germany (AfD) gained 12.6% of the vote and secured 88 seats in the parliament, almost half of those previously held by the SPD. After their strong electoral showing, AfD will enter parliament for the first time and become the third largest party. In many ways, the rise of AfD is unprecedented in modern German politics, as the radical right has lacked a voice in the Bundestag since 1961 thanks to a combination of laws and social norms. This most recent election result reflects deepening divides among the German electorate and casts a shadow on the future of the inscrutable Ms Merkel.

Since taking over in 2005 and, during her three terms in office, Germany has become an economic powerhouse. German unemployment fell to 5.7% in August of 2017, the lowest level since 1990. Cushioned by low inflation and a budget surplus, the German economy managed to stay above the Eurozone crisis and became the core engine of growth in Europe.

However, Germany’s economic success masks deep fissures, which surfaced during this federal election. Unease with globalization, migration and mainstream politics gave AfD the momentum needed to gain political power. Germans who opposed the government’s decision to bail out Greece have voiced their opposition through the ballot box by voting for AfD. Consistent with the message of other populist parties throughout Europe, AfD claims to represent the “forgotten man”, and eschews the internationalist orientation of both the CDU and SPD.

At the core of the AfD’s populism lies a deep distrust of Ms Merkel’s “open door” migrant policy, under which over one million refugees have been granted asylum. While many Germans initially supported the move on humanitarian grounds, concerns about terrorism, integration and the availability of jobs have eaten away at public support, hampering support for the CDU and undermining Ms Merkel’s authority.

Resurgent German nationalism has made the normally above-the-fray Ms Merkel the target of public criticism. After the CDU’s disastrous result in the 2016 Berlin state elections, Ms Merkel publicly expressed her regret, admitting that she would do better “rewinding time”. However, her stated regret was not accompanied by any substantive policy changes, as the government continued to keep German borders open to incoming refugees. The issue has proven to be contentious, causing divisions within Ms Merkel’s own CDU.

Once heralded as a beacon of openness and globalism in a Europe that seemed to be reverting to parochial nationalism, Germany now finds itself at a political crossroads. Exposed to the same pressures as many other Western countries, traditional party structures find themselves at risk as fringe alternatives push their way into the mainstream. Addressing her supporters on election night, Ms Merkel thanked them but also called the result “not as good as we had expected” and promised to listen to the concerns of AfD voters in order to win them back. Only time will tell whether this is only a temporary surge or a more permanent realignment.
As American tech companies contend with strict scrutiny from Congress in the wake of the 2016 election, several have already been harassed by European regulators. During the past year, Amazon and Google were slapped with massive fines, continuing a trend of EU hostility toward major American tech companies.

Google was hit with a €2.4 billion (~$2.8 million) antitrust fine for unfairly promoting its shopping service over those of its rivals in June. In response, the company announced it would introduce some minor changes to the way it displays results from its shopping tool. These changes were self-imposed by the company, as the EU mandated that Google come up with its own solution rather than impose any specific remedy. Margrethe Vestager, the EU’s fiery competition commissioner, recently said the company is heading in the right direction, though the possibility of further action remains.

Europe’s General Data Protection Regulation is thought to be one of the toughest privacy laws in the world, compared to much more lenient guidelines in the United States. Historically, the US has been reluctant to impose antitrust regulations on digital companies unless a demonstrable harm to consumers can be proven. For example, in 2012, the Federal Trade Commission (FTC) found that Google demoted its competitors’ search results, a charge nearly identical to the one the EU recently levied against the company. The FTC needed to prove that Google not only dominated the online search market, but that it used its position to dominate another market; the price comparison market, for instance. Across the pond, regulators merely had to prove Google used its search dominance to gain an advantage over its competitors in the price comparison market.

Some feel the EU’s fine is a much-needed measure that gives Google’s competitors an at least marginal chance to compete. Given Google and Facebook’s duopoly in the online ad market, and Europe’s history as one of the world’s toughest regulators of digital services, the fine surprised few. Nonetheless, that Google was asked to change the way it displays search results could open the door for future lawsuits. As far back as 2015, President Barack Obama criticized the EU for what he termed protectionist actions taken against the American tech giants. While the US is likely to impose some punitive measures

It takes two to tango

by Philip Straus
following revelations about Russia’s role in the 2016 elections, Europe remains a far more hostile environment for tech companies.

All together now

American and European regulators agree, however, that Amazon illegally avoided paying their fair share of taxes. Earlier this month, the company was ordered to pay €250 million ($290 million) in taxes after a three-year investigation by Ms Vestager’s group into the company’s tax arrangement with Luxembourg. In short, regulators accused Amazon of shifting roughly three-quarters of its profits made in Europe to an empty shell holding company that could not “justify the level of royalty it received.”

“Some feel the EU’s fine is a much-needed measure that gives Google’s competitors an at least marginal chance to compete.”

Stateside, Amazon was similarly accused of transferring funds to the same shell company to avoid paying taxes for 2005 and 2006. Unlike in Europe, the Internal Revenue Service (IRS) lost its case against the tech giant in March, but has since appealed the ruling. Based on the size of the EU’s tax claim against Amazon, analysts expect the roughly €1 billion ($1.16 billion) of profits in Luxembourg left untaxed by Europe to instead be taxed in the US. Whether the IRS will succeed in its appeal against Amazon remains to be seen.

The recent clash between Amazon and European regulators is illustrative of more fundamental differences between the US government and the EU concerning the taxation of multinational corporations. Despite its own ongoing case against the company, the US Treasury recently said it was “deeply concerned” about the EU’s retroactive tax assessments against Amazon. In addition to Amazon, the EU cracked down on Apple in Ireland and Starbucks in the Netherlands for tax avoidance, while an investigation into arrangements between Luxembourg and McDonald’s continues. One potential solution: President Trump, whose tax reform plan would lower the corporate tax rate by 20 percent, enticing corporations to stop storing their profits overseas.
Barcelona is a wonderful economic capital, bordered by the Mediterranean Sea and the mountain Tibidabo. The thousand facets of mosaic that decorate its most famous buildings reflect it perfectly, as it crystallises diversity, warmth, and beauty – the reasons why this city imposed itself as an evidence for me to carry out my Erasmus year.

This warmth is also felt when frequenting the inhabitants. It must be said that this population is characterised by a funny paradox: while heavily protesting against mass tourism, driving up real estate prices exponentially, they are also very welcoming to foreigners. They are Catalans – as it is easy to realise when lost in the geometric streets of Barcelona, they are extremely connected to their culture. Indeed, it is not uncommon to find many flyers in Catalan, to see restaurant doors on which are affixed a “tancat” or an “obert”, or to hear men young and old discussing in this local language.

It must be noted that, unlike France, which does not recognise any official language other than French, Barcelona has two: Castilian and Catalan. This identity is so strong that when it occurred to ask them their nationality, it is a very frank “I am Catalan” that has been retorted several times. This culture, which seems to have been built in discordance with the Spanish national identity, is actually the window of a much deeper gap. But I did not see the scale of this until the day of the referendum. I never could have imagined starting my Erasmus year in one country and finishing it in another, while staying in the same place.

Escalating events

I must admit that as soon as I arrived in the city, some elements had foretold the Catalan-Spanish gap, but not its depth. Firstly, I have attended demonstrations where the word “votarem” was on everyone’s lips, in protest against the illegality of the referendum, as well as concerts of loud saucepans in the middle of the night in protest of the repression of Catalan politicians. I, however, did not realise that these events were the premises of a strong unilateral commitment to independence. In the days leading up to the referendum, Barcelona’s streets looked like venues for shows, songs and theatre for the Mercé Festival, with the city celebrating Catalan culture there as well. It was only the day before, when my family strongly advised me not to leave home, that I realised that this referendum was not ordinary. I thought until then that it would have only an advisory value or that, similarly to the Scottish, the Catalans would not have gone through with their commitment.

A peaceful people: the role of the media

Regarding the referendum day, what I have been able to deduce from it is that the media have been inflating the situation. Yes, there was police violence that day that I strongly condemn. But the city did not turn into a bloodbath, nor was it a civil war. Some of my friends refused to come see me because they feared for their safety, and this even several months after the events. Personally, I never felt less safe in Barcelona than in Toulouse. My daily life has not been affected by the situation that much. I think that the media, by insisting on demonstrations and conflicts with the police, have frightened the population and cultivated fear. It must be noted that around 2 million people expressed themselves that day in Catalonia. In a context of pure violence, I do not think it would have been the case. What we can remember from this conflict is that the Catalans are an extremely peaceful people, and their manner of communication is not violence, but noise.

After the referendum, the city did not become more dangerous – in fact, the demonstrations that followed shocked me by their tranquillity. I also keep a very good memory from it: a large gathering of thousands of people dancing over drums, and passing a message calmly. If some overflows happened during those times, I have not found them to be more virulent than a supporters’ fight in a football match.

“I never could have imagined starting my Erasmus year in one country and finishing it in another, while staying in the same place.”

By Laohra Calvados

“I also keep a very good memory from it: a large gathering of thousands of people dancing over drums, and passing a message calmly.”
A difficult conflict to resolve

This situation remains rather destabilising for an Erasmus student coming into the heart of a political conflict of this magnitude. Questions quickly arose, especially after the declaration of independence: Is Catalonia a country in its own right? Who is at the head of Catalonia: Puigdemont or Madrid? If Catalonia were to no longer be European, would the Erasmus contract still be in force? And so on. Despite this, we have never been asked to take sides in the conflict. Even if I wanted to, it would have been impossible for me, as a foreigner, to have a decided opinion on the situation: The Catalans themselves are divided on the subject. However, this last aspect was not often shown in the media.

We might think that all of Catalonia is rising against the monarchy and wants its freedom, but that is not the case. Two very distinguished fronts stand out. On the one hand, there is the will to be liberated from a Spanish colonial kingdom; on the other hand, there is the desire to stop “being stubborn” and ruining the Catalan potential. According to the Courrier International, a French newspaper, Barcelona and Tarragona are anti-independence cities, while independents are more often found in the Catalan countryside. Here again, we might think that supporters and opponents to the independence clash in an interminable conflict. But that is not what I saw: law teachers, on the contrary, socialise without being on the same side, while friends share their days together in knowledge of their political differences. The protests on both sides were remarkable for the respect they expressed towards one another.

“This situation has even affected football, as some wonder about the future of FC Barcelona in the case of independence.”

A situation with significant side effects

Certainly, we may not agree on which side to stand. What cannot be denied, however, is the detrimental influence of this situation on all of Catalonia. Although this is not very visible in the life of an Erasmus student, some aspects are to be considered. Firstly, tourism has significantly declined since the month of October 2017. According to the newspaper LCI, “Catalonia has seen the number of foreign visitors diminished by almost 5% (...) and it is the only region in this case in Spain.” It must be remembered that Catalonia is an extremely touristic region: Independence of not, I cannot imagine its economic sustainability if the number of tourists continues to decline. A restorer I interviewed told me that today his number of the cutlery was around 30 against 100 a few years ago, while some museums have also preferred to move their artwork outside the region after the declaration of independence. Concerning the stock market, the days following the referendum made it extremely unstable, making any financial manipulation impossible. This situation has even affected football, as some wonder about the future of FC Barcelona in the case of independence.

It is easy to understand that the situation cannot remain indefinitely unstable for the good health of Catalonia. But this is uncertain. The vote for the new parliament after the submission to Article 155 gave rise to a parliament where the separatists, while less virulent, have even more seats. Moreover, the Catalan crisis calls into question the entire organizational system of Spain. Should the country become a true federation in its own right? Many are those who are asking the question today. The solution seems to be linked to a modification of the constitution, which is something the Rajoy government does not seem very inclined to do.
Can money buy happiness? The urban dictionary defines greed as “the root of all evil”, but maybe greed is nothing more than the pursuit of happiness and does not merit such a bad reputation. Then again, perhaps the things that money can’t buy are what truly lead to happiness.

To put it more eloquently, Douglas Adams said of the suggested solutions to unhappiness that “most of these were largely concerned with the movement of small green pieces of paper, which was odd because on the whole it wasn’t the small green pieces of paper that were unhappy.”

Kirchgässner (2014) defines greed as seeking “money ‘for its own sake’, i.e., beyond its instrumental use for consumption.” Greed is often observed in the wealthiest members of society: former presidential candidate Bernie Sanders rather radically claimed that the very rich suffer from “psychiatric issues” due to being addicted to money and to living in a world completely separate from the rest of us.

Is it the increase in wealth or the act of enriching oneself that drives people? Paul Piff (UC Berkeley) ran a small experiment to see what wealth does to people’s perception of a given situation. Two players played a rigged version of Monopoly, where one player got double the starting cash, twice the salary for passing go and two dice (to move around the board faster). The richer player won the game most of the time, but, more interestingly, rationalised the advantage afterwards by convincing themselves that they deserved the win, describing afterwards their “winning strategy” that got them the victory, not focusing on how unbalanced the game was (although most mentioned it at the start of the game). The rich players’ understanding of the game was clearly distorted. This begs the question: Do the wealthiest individuals in our society see the accumulation of wealth and greed differently to the rest of us? Is greed really something to be condemned or does it have some benefits overall?

By Tristan Salmon

More money than sense
The richest in our society seem to always need more money. Research suggests that there is an overall negative link between wealth and the proportion of income given to charitable causes – the wealth advantage seems to encourage greed rather than generosity. It is of course important not to overgeneralise, in light of initiatives such as the Giving Pledge, where 173 of the world’s richest individuals like Bill Gates and Warren Buffet voluntarily and publicly dedicate most of their fortune to philanthropy.

Rather than being down to some inherent trait of the rich, the increased greed seems to be acquired with the increase in wealth, and is therefore reversible. Paul Piff’s study finds that “small nudges in certain directions can restore levels of egalitarianism and empathy”, such as how reminding people of the benefits of cooperation can apparently shift people’s behaviour to a level at least as egalitarian as poor people.

“Do the wealthiest individuals in our society see the accumulation of wealth and greed differently to the rest of us?”

We can use the example of Walter White in Breaking Bad to illustrate this: he starts out as a mild mannered teacher just trying to get enough money to provide for his family by selling a little crystal meth to a full-on drug kingpin in the “empire building business” who gets his satisfaction not from the accumulation of wealth per se (he could never spend all his earnings), but rather from the means and the process of earning the money. In a particularly poignant scene, his wife points to their huge pile of drug money and asks, “How big does this pile have to be?”, while all Walter can ask is “How much is this?”

The other man’s grass is always greener
There are several theories as to why people never seem to have enough money, one of the most compelling being the “rank income hypothesis”, or peer group comparison. The idea is that people are happier when they are doing better than the average in their group, rather than just from getting more income in absolute terms. Satisfaction is gained from each “better than” comparison and lost for each “worse than”.

There have been several studies illustrating this effect for various groups: for instance, a study of 16 000 workers (Brown et al,
2008) shows that workplace satisfaction depended on the rank of the wage within the workplace, and Clarke et al (2009) find the same within a neighbourhood.

People basically only really care about doing better than their neighbour, their work colleague or even their friends, rather than their absolute level of income.

“This basically means: judge capitalism by the result we can expect our dinner, but from their regard to their own the benevolence of the butcher, the brewer, or the baker, that they belonged to, and will rely on their money during hard times. The poorest will tend to give more to their neighbours suffering from the same hardships as they do, having been through it themselves, and will rely on the people around them when times get tough.

The problem with this is that the rich are often the policy makers, and will tend to under-evaluate the needs of the poor. While they only compare themselves to the elite, their decisions affect everyone. It would be hard to argue that Donald Trump’s tax breaks are beneficial to the majority.

A secondary effect is the increase in the feeling of entitlement: the richer a person is, the more likely they are to rationalise greed and to see it as beneficial. As Gordon Gekko put it in the 1987 film Wall Street, “Greed, for lack of a better word, is good. Greed is right. Greed works.” Thus, the likelihood of breaking laws that hinder their financial gain rises, as they feel that they deserve to get more, and believe that they have a superior “strategy” that allowed them to get where they are (in a similar way to the rigged monopoly game).

The compassion gap

There are several important consequences to this, but perhaps most importantly a “compassion gap” appears, where people care mostly about the issues that directly concern their group. Kraus, Côté and Keltner (2010) went as far as to suggest that the rich are less likely to identify human emotions. The wealthy are thus less likely to be in tune to the needs of the poorest in society, preferring to endorse the universities or institutions that they belonged to, and will rely on their money during hard times. The poorest will tend to give more to their neighbours suffering from the same hardships as they do, having been through it themselves, and will rely on the people around them when times get tough.

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The benevolence of the butcher

Adam Smith’s invisible hand states that society is better off as a whole if everybody acts in their own self-interest: “It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest.” This basically means: judge capitalism by the result rather than the means (although he did also warn of the dangers of excessive avarice).

However, the assumption of rational utility maximising self-interest has been rightly criticised many times, in particular with the arrival of Behavioural Economics. It would seem that – hold on for this – people sometimes act not entirely in their own self-interest (“positive” deviations from classical theory, e.g. altruism), pushing Nobel Prize-winning economist and philosopher Amartya Sen to say: “The purely economic man is indeed close to being a social moron.”

Highly selfish or greedy actions are “negative” deviations from classical theory that have not received as much attention as more positive deviations like cooperation, but they can have devastating effects, as demonstrated with the greed of bank managers and traders that contributed to the 2008 financial crisis.

An illustration of greed being incompatible with the assumption of rational behaviour is corruption. Traditional theory states that an individual will engage in corruption if the gains from the latter outweigh the expected losses from being caught (fines, prison, job or reputation loss). The sums involved in corruption should logically be large, but often they are surprisingly small compared to the expected loss. This points to a flawed perception of reality caused by greed that causes deviations from “rational” behaviour, with risk-aversion with respect to gains but risk loving behaviour when it comes to losses. Jin and Zhou (2013) show that sufficiently greedy traders are willing to take huge risks for huge rewards by incorrectly evaluating potential losses, perhaps due to an excessive fear of losing their current standard of living and a strong need to satisfy their money addiction. Trading involves logical brain functions, computation, and long-term planning, and thus emotions such as fear and greed that can cloud these functions result in poorer trading performance.

More money, more problems?

Greed distorts our view of the world and can have dire consequences for the individual and the economy, but once it takes hold, it is more likely to get worse than to get better. While rational self-interest may have its benefits, the world is more complex than that and more needs to done to understand the effects of greed and how to combat it.

Richard Friedman once said something that is important to bear in mind when in pursuit of riches: “Money will buy you a fine dog, but only love can make it wag its tail”.

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Marijuana industry

By Nicolas Carvajal

By the first semester of 2018 recreational marijuana will be legal in Canada. Besides being a weed lover’s paradise, it represents a huge investment opportunity for entrepreneurs and investors. According to cannabis research firm ArcView, legal marijuana sales in North America are expected to grow 26% annually through 2021, a market worth nearly $22 billion. Globally, this number could reach $200 billion. As reported by the Brightfield Group, together the US and Canada will make up more than 86% of global cannabis sales in 2021. European markets will follow with 12% of sales, dominated by Germany, the Netherlands, Spain, and Switzerland.

In addition, roughly $100 billion worth of marijuana is sold illegally each year. World governments are moving to establish a formal and regulated legalization of medical and recreational weed, thereby tapping the immense potential behind the green industry.

Weed enthusiast’s Paradise, entrepreneurs profit spree, the marijuana industry has most everyone seeing green.

Weed enthusiasts: a shift in opinion in the US and EU

Unlike its consumption, our society’s acceptance of marijuana is relatively new. The use of Cannabis was reserved for special groups of people, and was often the cause of discrimination or exclusion. However, during the last 10 years, people seem to accept it more as a recreational substance rather than a gateway to evil.

In 1995, the year before California became the first state to legalize medical cannabis for compassionate use, national pollster Gallup showed that just 25% of respondents favored the idea of national legalization. In contrast, the last 10 years has seen an increasing acceptance of marijuana as a recreational substance; by October 2017, favorability towards national legalization rose to 64%, an all-time high. Today, 28 states have legalized medical cannabis.

On the other side of the Atlantic, the future of weed is just as bright. In 2017, Greece became the latest European country to legalize the medical use of marijuana, following in the footsteps of Czech Republic, Finland, the Netherlands, Spain, and Portugal, the first European country to legalize the drug in 2001. In a survey of 2,000 people conducted by the British polling company ORB, some 47% of respondents back the idea of legalizing the sale of cannabis, through licensed shops, while 39% oppose it, and 14% “don’t know”. The German cabinet unanimously approved a medical cannabis law last year, which came into effect March 2017. More drastically, in 2013 Uruguay became the first nation to fully legalize marijuana for adult recreational use.

This change in opinion has not gone unfelt in the economy. In the US, legal marijuana now employs an estimated 120,000 people, a figure that is expected to triple in the next few years, according to research firm New Frontier Data. Vangsters, the cannabis industry’s largest hiring platform, which was launched in 2015, has successfully connected over 4,000 candidates with jobs in the
industry. From CFO to marketing analyst, harvester, or lab manager, this is an industry where you will find jobs much like the ones in any regular sector.

**Entrepreneurs and investors**

Until now, investor participation in the legal cannabis market has been relatively small. Will that change? And, if so, how can investors get in on the ground floor?

Equity financing is the process of raising capital through the sale of shares in a company. Until now, banks closed their doors to cannabis companies looking to raise equity and reap the benefits from banking financial privileges like any other industry. Things are looking up. In January 2018, the Bank of Montreal broke the ice with its decision to co-lead, with boutique investment firm GMP Capital Inc, the underwriting of a $175 million stock sale of Canopy Growth, a marijuana producer. The financial industry’s participation gives the company access to a greater number of institutional investors, and the opportunity for greater development.

“Unlike its consumption, our society’s acceptance of marijuana is relatively new.”

The absence of big banks in the cannabis space has meant that capital is often raised through family offices, high net worth investors, venture capital funds, and credit unions. This is the case for Matt Shalhoub, Managing Director of Green Acre Capital, a private equity firm, specializing in investments in the cannabis industry in Canada. Green Acre Capital invests mostly in companies focused on branding, software, hardware, and retail accessories for the cannabis market, with a cross-vertical approach that creates opportunities amongst portfolio investments and helps fuel growth innovation throughout the industry.

Similarly, Peter Thiel, the co-founder of PayPal, recently invested in the Seattle-based private equity firm Privateer Holdings, which funds marijuana-related medical research and products. The firm’s management includes Ivy League MBAs, PhD research scientists, marketing professionals, and operators from world-leading brands, and even former federal law enforcement professionals. On their portfolio you can find companies like Tilray, the only American-owned, federally licensed commercial producer of medical cannabis in the world. They serve Australia, Canada, European, New Zealand and Latin America.

For the individual investor, there is an opportunity to take advantage of the marijuana industry’s projected annual growth rate of 20%, either by directly investing in a marijuana business, or by joining a fund. However, due to the amount of capital required, and issues of access to deals, and illiquidity, this approach is not a viable option for most investors. Another option is to trade the marijuana stocks quoted in NASDAQ or NYSE and wait for a stock movement. Once again, there may be little incentive for sophisticated investors, as they can invest in less risky stocks with similar dividends and yields. On the other hand, average investors can buy shares in companies such as AbbVie Inc. or SMG, which both offer dividends around two dollars per share.

Marijuana—an all-around winner?

As is the case with tobacco, governments will inevitability severely tax the marijuana industry. The problem can be described by economics. Historically, growing and selling marijuana has been a lucrative business—solely because it was illegal. If you remove the government ban, the artificially inflated profit margins on the plant collapse. Marijuana becomes just another farming product like corn or soybeans. Meanwhile, a host of supporting services tied to the cannabis industry, including finance, insurance, logistics, technology, and medical research could grow exponentially.

The rush to get in on the marijuana craze has created hundreds of startups, but the odds are that many of them will fail. Considering the obstacles in the form of government regulation, the probability of failure is higher, and the winners will be established companies that will add value through their development.

“The rush to get in on the marijuana craze has created hundreds of startups.”

In conclusion, in the words of the prominent Mark Hart, one of the increasing number of optimistic investors, “Legalized recreational weed is a virtual inevitability event... It’s a political winner. It’s an economic winner. It’s jobs, it’s votes. And institutional money is going to have to come into this stuff...”
It should not come as a surprise that there is a problem with gender representation in the field of economics. At the American Economic Association meeting this January, during an all-woman panel, researcher after researcher presented their work revealing patterns of gender discrimination in our discipline and, for the first time, the leaders of the AEA made an announcement that they would take these concerns more seriously.

The issue came to the spotlight in August 2017 after a detailed study of the misogynistic difference in language used in discussions about male and female economists on the website Economics Job Market Rumors. Alice Wu, from the University of California, Berkeley, used natural language processing to analyse over a million anonymous posts. She discovered that when discussing female economists, posts tend to focus on physical appearance, and regularly use incredibly offensive and crude language. On the other hand, when discussing male economists, the terms used tend to stress the intellectual ability of the subject.

The gender issue in economics seems to go beyond anonymous forum posts. About 20% of Europe’s senior economists are women, and in America 15% of full professors are women. Closer to home, around 27% of people listed as faculty on the Toulouse School of Economics website are female. There is less female representation in economics than in other social sciences, the humanities, and the environmental sciences, but there seems to be a similar issue in the fields of engineering, maths, and physics. Maybe the problem is not within economics itself? Sadly, that is not the case.

Donna Ginther, of the University of Kansas, found that American universities promote women to full tenured positions within seven years at a rate of 29% and men at 56%. Heather Sarsons, a Ph.D. candidate at Harvard University, found that, when publishing a single-authored paper, men and women see the same rise in their chances of getting tenure, but when the paper is co-authored, women only see a 2% increase in their tenure rates, while men experience an 8% increase. There is no difference in these ratios between men and women in the STEM fields.

Erin Hengel, of the University of Liverpool, studied the gender bias in the process of revision of papers submitted to Econometrica, finding that papers submitted by women take six months longer to be reviewed. According to a readability measure, the abstract of women’s papers are considerably improved in the publishing process while those of men do not change, despite starting at the same level of readability. Another paper by Friederike Mengel, Jan Sauermann, and Ulf Zölitz analyses teaching evaluation data collected from the Maastricht University’s School of Business and Economics. They find that, even though there is no difference in students’ grades or self-study hours, women receive consistently lower teaching evaluations than their male colleagues. This bias is mostly due to evaluations written by male students and is more pronounced for mathematical courses and junior-level female instructors.

A study by Betsey Stevenson of the University of Michigan also caused controversy this year in the Economics community. She found that 77% of the people mentioned in introductory economics textbooks, real or imagined, are male, 18% are female and 5% are gender

“Given all the power that economists have over policy-makers, one cannot help but wonder what could have been accomplished if there was no bias in the first place.”

Women tend to be mentioned more passively and in situations involving food, fashion, or household tasks.”
neutral. Real life economists mentioned are mostly male, but not always because they are important historical figures, the study claims. Men are also more likely to be mentioned in business and policy contexts while women tend to be mentioned more passively and in situations involving food, fashion, or household tasks. Throughout the seven textbooks, there is not one female economist mentioned in any of them — while 30% of all the people mentioned are economists, inside of this subset male mentions outnumber females’ 12 to 1. If you only take into account imagined people, 70% of these are still men. Gregory Mankiw, the author of one of the textbooks, defended himself by asking whether this is really a matter of his own implicit bias or rather just an accurate representation of reality. Subjected to this type of statistical discrimination, women in economics undergo academic experiences that may be hard to fathom for their male counterparts. Sarah Jacobson, of Williams College, described one such emblematic experience of her time in graduate school in a recent interview with the New York Times. She described how an important female economist who had given a talk was continuously interrupted by her male colleagues while she tried to answer questions: “In the middle of the seminar, a male economist I respect turned around — they’re in the audience — and they were explaining the answer for her, on her behalf,” she said, “You see it all the time, you occasionally see it if a male is presenting. You see it pretty often if a woman is presenting.” Ms. Hengel also told the NYT, “When you’re teaching something, when you really nail an explanation, the front row just lights up.” But during the lecture of a male friend of hers, the students lit up, “even though he wasn’t nailing it.” From all of this, one might wonder if economics simply fails to attract enough women. Indeed, some economists try to explain these gender imbalances by saying that it is just a matter of preferences. Do women just relate less to the worldview held by economics? If so, the field probably needs to start questioning its principles, since it is only managing to explain half of what it intends to. It is clear that poor teaching evaluations by chauvinist students have a biased effect on the career of women in the field. And it is not surprising that Donna Ginther’s study found that women in economics are less happy than their male peers, and, more surprisingly, than women in other fields — even those with similar gender disparities.

“Leaving half of the population out of the field harms the diversity of research and its overall accomplishments.”

I believe that what we are facing is an insider/outside problem. There are mostly men deciding what research topics are of most interest to the field, reviewing the articles, writing the introductory textbooks, and lecturing new students. Women have a higher barrier of entry to the field and once they make it in, not only do they face discriminatory practices, but their careers are also often sidelined by male-dominated mainstream academia as women are more inclined to specialise in more people-oriented topics, according to a paper on vocational psychology published in 2008. Given all the power that economists have over policy-makers, one cannot help but wonder what could have been accomplished if there was no bias in the first place. Maybe we would have already solved urgent humanitarian matters that have been unresolved in research, like homelessness, extreme poverty, war or even issues of sustainability. The discrimination against women in economics is harming us all.

The next step is not an easy one: implementing a solution to the problem. The AEA announcement that they would set up an alternative job site and a code of conduct for economists are baby steps in this direction. Another possibility is working on representation at the undergraduate level: a 2017 study suggests that carefully picking the instructors of introductory economics courses has an impact on the number of women interested in majoring in economics. This may also suggest that creating new, forward-thinking introductory material aimed at enticing a wider variety of people into economics, instead of exacerbating the discrimination found in society, could be a good idea. Published papers could also list authors by contribution rather than alphabetically, a technique that helps to prevent gender bias in other research fields. One more radical possibility could also be to introduce gender quotas within economics faculties, but this would have to be coordinated in universities worldwide, or else the equilibrium would be not to cooperate.

We are all being affected by this problem. As research interest is based on personal experience, leaving of the field half of the population out of the field harms the diversity of research and its overall accomplishments.
A quoi servent (encore) les anthropologues ?

par Rémi Perrichon

Le 15 novembre 2017 disparaissait Françoise Héritier, anthropologue française de renom. Quelques semaines plus tôt, au mois d’octobre, elle était l’invitée d’Augustin Trapenard sur France Inter, une occasion de discuter de son thème de prédilection : les racines de la domination masculine. À priori, l’anthropologie tombait à point nommé pour éclairer le débat public. En effet, au cours de ce même mois d’octobre naissait dans les colonnes du New York Times ce qu’on qualifie aujourd’hui « d’affaire Weinstein ». Pour autant, avez-vous entendu parler de « valence différentielle des sexes », concept au cœur de la pensée de Françoise Héritier ? Probablement pas. La raison est simple : à part quelques résurgences, l’anthropologie fait figure de champ disciplinaire défunt, coincée entre la linguistique comparée et la dialectologie.

Il est loin le mythe de l’anthropologue explorateur et ses immersions prolongées à l’autre bout du monde. Une question provocatrice mais pertinente se pose aujourd’hui : avec le processus de mondialisation, à quoi servent (encore) les anthropologues ? Autrement dit : la fin des sociétés traditionnelles a-t-elle précipité une « crise de l’anthropologie » dont la discipline ne s’est (toujours) pas remise ?

Anthropologie, ethnologie, ethnographie, socio-anthropologie : de quoi parle-t-on ?

Avant d’approfondir le sujet, il s’agit d’abord d’en définir les termes et de dissiper le brouillard conceptuel qui entoure des mots comme « anthropologie », « ethnologie », « ethnographie » et « socio-anthropologie ».

Appuyons-nous par exemple sur la définition de Claude Lévi-Strauss pour qui l’ethnographie, l’ethnologie et l’anthropologie constituent les différents stades d’un même processus.

L’ethnographie est le premier moment de la démarche intellectuelle de l’anthropologue. Elle consiste à décrire les pratiques sociales, les coutumes et les représentations d’une société. C’est une étude attentive, solitaire et patiente. L’ethnologie est un stade plus comparatif et permet de rendre compte de différences ou de similitudes entre les sociétés. L’anthropologie serait quant à elle une synthèse des informations et des concepts étudiés. Elle résume dans une théorie les conclusions tirées de la comparaison des sociétés dans le temps et dans l’espace et propose d’en dégager des principes généraux.

Une brève histoire de l’anthropologie de l’évolutionnisme à l’anthropologie des années 1960

Mais tous les anthropologues ne seraient pas forcément d’accord avec cette définition qui insiste beaucoup sur les structures. Les premières heures de l’anthropologie sont en effet marquées par l’évolutionnisme et non par le structuralisme. Si on demandait une définition à Lewis Henry Morgan, à Edward Tylor, ou encore à Herbert Spencer, l’anthropologie aurait plutôt pour ambition de rendre compte des différents stades d’évolution des sociétés.


Le début du XXème siècle marque la fin de l’évolutionnisme et la naissance du fonctionnalisme qui s’intéresse à l’interdépendance des faits politiques, culturels, et économiques. L’idéologie
coloniaire encourage le développement de l'anthropologie au Royaume-Uni et en France. Un fait à retenir : les expéditions de Malinowski dans les îles Trobriand en Mélanésie de 1915 à 1918 inaugurent l'observation participante. Cette rupture méthodologique donne naissance au mythe de l'anthropologue aventurier.

Aux États-Unis, c'est le culturalisme qui se développe dès les années 1930... non sans susciter quelques polémiques ! En 1928 paraît, en effet, l'ouvrage de Margaret Mead intitulé Adolescence à Samoa. L'anthropologue y décrit la sexualité libre et heureuse de la jeunesse de l'île Ta'ū. Or, à ce moment là, aux États-Unis, on pense plutôt prohibition et débats moralisateurs...

En France, l'anthropologie entretient un rapport étroit avec la philosophie et sa reconnaissances académique est assez tardive. Il faut attendre 1926 pour qu'un certificat d'ethnologie soit délivré par la Sorbonne.

Après la Seconde Guerre Mondiale, un virage important est opéré par Claude Lévi-Strauss. L'anthropologie entre dans son âge d'or. Elle se conçoit alors autour d'une étude (celle des sociétés froides, c'est-à-dire lointaines), d'un objet (la pensée symbolique), d'une méthode (le structuralisme), et d'une revue fondée en 1961 avec le linguiste Émile Benveniste : l'Homme.

**Crise de l'anthropologie et mondialisation**

Après les grandes heures du structuralisme, l'anthropologie entre en crise. Les années 1960-1970 sont marquées par des bouleversements géopolitiques tels que les mouvements de décolonisation et de forte croissance économique. Ces transformations nourrissent une auto-critique de la discipline et de nouvelles problématiques émergent autour de l'interconnexion des cultures et des pratiques sociales.

Pour Marc Abélès, auteur d'une Anthropologie de la globalisation, certaines distinctions autrefois au cœur de l'anthropologie deviennent alors obsolètes. Un exemple parmi d'autres : la dichotomie entre les sociétés du lointain et les sociétés du proche. Le propre de la mondialisation est en effet d'abolir les distances, de favoriser l'interconnexion des cultures et des modes de vie. Mais les anthropologues ne disent pas leur dernier mot et s'intéressent par exemple au rôle des ONG et des fondations.

**L'anthropologie humanitaire, ou comment l'anthropologie renait de ses cendres**

Saviez-vous, par exemple, qu'il existe une anthropologie de l'aide humanitaire ?

À priori, l'humanitaire n'a rien d'un objet anthropologique : c'est un système d'aide qui s'intègre au cadre d'action du Comité international de la Croix-Rouge fondé en 1863. Mais avec la mondialisation, les ONG qui ne répondaient à l'origine qu'à des urgences sanitaires se tournent vers d'autres causes : environnementales ou artistiques, par exemple. L'occasion est trop belle pour l'anthropologue qui peut s'intéresser à la manière dont l'aide humanitaire est distribuée et reçue. Pourquoi une ONG organise-t-elle son action autour de la lutte contre la faim dans le monde et pas de la lutte contre le VIH ? Pourquoi attachons-nous plus d'importance à tel ou tel problème ?

Comme le souligne Francine Saillant dans son ouvrage Anthropologie critique de l'humanitaire, « les projets ne touchent jamais une population tout entière, des choix sont faits. » Or, si ces choix sont motivés par les valeurs de nos sociétés occidentales, l'anthropologie peut tenter de rendre compte.

Et ce n'est pas tout ! L'humanitaire transforme aussi notre vision d'autrui. Or, s'il y a bien une discipline qui fait de l'étude des autres son leitmotiv, c'est l'anthropologie. Toujours pour citer Françoise Saillant : « les images qui circulent à partir de l'humanitaire méritent toute notre attention, car elles mettent en scène la souffrance et une certaine idée de l'injustice (...). L'humanitaire construit une vision moderne de l'autre. Il n'est plus barbare ou sauvage : il souffre, il manque, il n'est pas et n'a pas. »

**Nouvelles méthodes, nouveaux objets ?**

On l'aura compris avec l'exemple de l'humanitaire, les transformations induites par le processus de mondialisation font émerger une myriade de nouveaux objets anthropologiques. La discipline n'a pourtant pas dit son dernier mot sur ses objets de prédilection comme la parenté ou les échanges. Une anthropologue comme Agnès Fine s'est par exemple intéressée à de nouvelles formes de parentés (l'adoption), aux réorganisations de la parenté (divorce, remariage) ou encore à l'homoparentalité. Jacques T. Godbout s'intéresse pour sa part aux différentes formes de don qui existent dans nos sociétés contemporaines en posant notamment la question suivante : « l'amoureuse fait-elle à un mendiant a-t-elle quelque chose à voir avec le pot alors, avec le cadeau de Noël, avec l'invitation à dîner de l'homme d'affaires ? »

"L'humanitaire construit une vision moderne de l'autre. Il n'est plus barbare ou sauvage : il souffre, il manque, il n'est pas et n'a pas."

Du côté des méthodes employées, l'anthropologie contemporaine a approfondi son héritage : celui de l'enquête de terrain. Nadia Mohia insiste notamment sur le fait que l'anthropologue d'aujourd'hui ne peut plus se considérer comme un simple observateur : il est acteur de son enquête et doit en tenir compte.

Un exemple pour illustrer cette prudence nécessaire dans les enquêtes : celui de l'anthropologie médicale qui s'attache à étudier la manière dont les sociétés gèrent la maladie et dont les individus la vivent. On se doute que des précautions méthodologiques doivent être prises pour que les questions posées aux malades n'aient pas d'influence sur leurs réponses (phénomènes de honte ou peur d'être stigmatisé).

L'anthropologie est donc belle et vivante, tout comme la linguistique comparée ou la dialectologie — mais ça c'est une autre histoire. Elle s'est simplement transformée. D'ailleurs, les anthropologues nous avaient laissé des indices de ces transformations. C'est par exemple que suggère l'avertissement de Claude Lévi-Strauss au seuil de Triste Tropique en 1955 : « je comprends (…) la passion, la folie, la duperie des récits de voyage. Ils apportent toute notre attention, car elles mettent en scène la souffrance. »
Le Théâtre du Capitole réinvente Casse-Noisette

par Marie Dorandeu

« Marie doit encore, à l'heure présente, être reine d'un pays où l'on peut voir partout des forêts d'arbres de Noël tout étincelantes, des châteaux transparents en frangipane, en un mot les choses les plus admirables et les plus magnifiques, quand on a les yeux qu'il faut pour voir tout cela. »

E. T. A. Hoffmann, « Casse-Noisette et le roi des souris », dans Contes mystérieux

Un ballet dépoussiéré

Après avoir revisité Giselle et Le Corseire, Kader Belarbi (directeur du ballet du Capitole) propose sa relecture d'un autre grand ballet du répertoire, Casse-Noisette. Ce projet très ambitieux et attendu s'éloigne manifestement de l'original de Marius Petipa et Piotr Tchaïkovski, présenté pour la première fois en 1892 au Mariinsky de Saint-Pétersbourg. Si Casse-Noisette est aujourd'hui considéré comme une de leurs œuvres majeures, le chorégraphe et le compositeur n'en furent guère enthousiasmés. Les deux actes sont déséquilibrés ; les différentes danses parfois mal articulées.

La version de Kader Belarbi revient au conte d'Hoffmann et débarrasse la mise en scène de tous les éléments qui obstruaient quelque peu l'imagination. Dans cette version, pas de sapin géant ni de Noël émérisé. L'acte I se déroule dans un pensionnat dirigé par une austère surveillante et par lénigmatique Drosselmeyer. Ici, ce dernier n'est plus l'oncle de l'héroïne, Marie (Masha dans la version originale), mais incarne tout de même une figure maternelle, offrant des jouets aux enfants. Il est d'ailleurs intéressant de relever que Belarbi ait décidé de ne pas représenter la scène de bataille, le spectateur est pourtant appuyé sur son bras droit.

La fin du premier acte mérite réellement de saluer la performance des danseurs : les soldats ont dû troquer leurs chaussures pour des palmes imitant le socle des jouets, Casse-Noisette impressionne en dansant tout le second acte avec pour seul appui son bras droit.

Un voyage au cœur du rêve

Le second acte s'ouvre sur un monde à la fois merveilleux et inquiétant, à mi-chemin entre Le Magicien d'Oz et Alice aux Pays des Merveilles. « Une grande barbe à papa colorée pour les enfants », selon les mots de Belarbi. C'est bien l'impression que donnent les décors ingénieux et par l'énigmatique Drosselmeyer. Ici, elle est véritablement en harmonie avec la danse.

Cette version de Casse-Noisette nous montre qu'avec un corps de ballet et un orchestre de grande qualité, des productions innovantes et des tarifs favorisant l'accès aux jeunes, le Théâtre du Capitole n'a rien à envier aux plus grandes compagnies. Espérons que l'excellente réception de Casse-Noisette donnera à Kader Belarbi l'envie et les moyens de « dépoussiérer », comme il le dit lui-même, d'autres ballets classiques.
1. What is your position today?

I currently work in the London office of AlixPartners. We are a large management and restructuring consulting firm with a strong economic consulting practice. Our economics team focuses on antitrust and competition consulting. I’ve been at AlixPartners for over a year and in that time (among other things) assisted several telecoms companies with economic analysis required by sector regulators, supported clients during cartel damages claims, and provided economic assessment of dominant firms’ behaviour. I was also temporarily seconded to one of UK’s mobile operators and helped their economics team with issues ranging from spectrum auctions to net neutrality. As you can see, my work is very diverse. Every case I work on requires a different instrument from the economics toolbox, which I find very enjoyable and intellectually stimulating.

2. What was your path from graduation to your current position? What would you say were the key elements that helped you make your choice?

I am not a regular TSE alumnus and my career path was slightly different from what is standard at TSE. I did my master’s degree in economics at home in the Czech Republic. During my master’s degree, I worked as an intern in the Chief Economist team of the Czech competition authority (Office for the protection of competition). I stayed there for three years after graduating on a full-time basis - it was a great place to learn how competition policy works in practice. I later enrolled in a PhD program to further improve my economics. As part of my PhD, I spent two years at TSE as a visiting researcher. After finishing my PhD, I worked for two years at Ofcom (the UK telecoms regulator) and then moved to AlixPartners. Many of my career choices have been influenced by inspiring people I met along the way, who have kept me excited about economics and provided invaluable career advice. When making important career choices, I still find it helpful talking to more experienced and senior people, who often have slightly different perspective on things.

3. Could you tell us about your time at TSE and what you learned here?

TSE has been instrumental to my doctoral research. Because of TSE’s emphasis on industrial organisation, I spent two years in what was undoubtedly for me an intellectually very stimulating environment. I used the ample opportunities offered by TSE to improve my economics and met many great researchers who I discussed my research with. Big thanks go to Marc Ivaldi, who was my adviser during my time at TSE. In the two years I spent at TSE, I worked hard but gained a lot back. The strong economic knowledge acquired at TSE has given me confidence when addressing new economic questions at work or professionally debating other economic consultants.

4. What advice would you like to give to students at TSE?

There are two things I would highlight. Firstly, people you work with will have an immense impact on your career. When choosing a job, don’t forget to consider this element. Having a line manager you can develop a good relationship with and someone who will support your career will speed up your professional progress more than needlessly working crazy hours. Secondly, don’t be afraid to use the TSE alumni network. It is a great and valuable resource. TSE alumni understand well the quality of TSE students and are often “TSE champions” within their firms. It might not give you an explicit advantage during the recruitment process, but it will certainly open many doors for you.
Internship reports

Alea Muñoz Guisande, Research assistant at TSE

1. *Where did you do your internship and what was your role?*

I did my internship at the Toulouse School of Economics and I worked as a Research Assistant for Pepita Miquel-Florensa. I helped her with a project which aims to analyse Costa Rica’s coffee sector in order to study buyers’ decisions. I was in charge of cleaning different survey and census data. I also created a database of Costa Rica’s coffee cooperatives. Basically, my work was centred on treating the data using STATA and Excel.

2. *How did your studies at TSE help you during the internship?*

My studies at the TSE helped me because they gave me the necessary economic interpretation and practical skills for the tasks. I was using STATA almost all the time. Therefore, all the courses which included practical lessons with this software (e.g. econometrics and applied econometrics) were really useful. In particular, the course of Panel Data because almost all the databases I worked with were panels. Moreover, running the STATA code is not the most important thing but rather being able to interpret or understand the results you get.

3. *How did you get the internship? What would be your advice for students looking for a similar internship?*

Since I wanted to do public policy and development, I looked for different professors in these areas at the TSE. I found Pepita Miquel-Florensa’s webpage, I saw that her field of research could be interesting for me and I sent her an email.

Therefore, I recommend directly contacting researchers that work in areas you like. Moreover, regularly check the TSE Alumni website since there are offers for research assistant positions.

Anaïs Fabre, OECD

1. *Where did you do your internship and what was your role?*

Last summer, I did a 5-month internship as a research assistant at the OECD. I joined the Environment Directorate in order to contribute to an empirical study evaluating the effect of an environmental policy parameters on the amount of CO2 included in imports. The goal of this study was to test whether countries with more stringent environmental policies—often developed countries—were more likely to relocate their production and, thus, their pollution to developing countries.

I had several roles in this project. First, I created variables likely to capture the degree of stringency of environmental policies at the country level. These variables were the key explanatory variables of our econometric analysis. I used SQL Server, a database management system, to construct a dataset with these variables. Then, I participated in the econometric analysis: we had to choose the adequate estimation method as well as the most relevant econometric specifications. This part was really exciting as we had to carefully consider the different endogeneity issues we were likely to face. Finally, I had the chance to draft the final paper, which will be published as an OECD Working Paper soon.

2. *How did your studies at TSE help you during the internship?*

What I had learned during the Master 1 at TSE was really helpful during my internship. Indeed, when I was working on the empirical analysis, I extensively used the different econometric techniques I acquired during the Master 1. In particular, I felt really comfortable discussing potential endogeneity issues with the members of the team I was working with. Moreover, even though I had never studied the econometric method we finally used, I easily understood it thanks to the strong technical basis the Master 1 allows us to build.

The broad theoretical understanding we acquire at TSE was also really useful. The study built upon different theoretical insights that I had to go through when drafting the paper. Again, most of the models I had never studied in class, but I felt that what I learned at TSE prepared me well to understand them easily.

Finally, learning to use different statistical software during the
Master 1 was particularly helpful since I implemented most of my tasks thanks to different statistical software. For example, I had never used SQL Server but learning a new programming language is way easier when you have already used other programming software, like we do at TSE.

3. How did you get the internship? What would be your advice for students looking for a similar internship?

I was very lucky since the team directly contacted me after I applied to the online application platform, on the OECD website. I had one phone interview with the Senior Economist and the Statistician I was going to work with. They asked me several questions about the project of the course “Applied Econometrics” that I mentioned in my application. I would advise students looking for an internship to emphasize that they have done such a project, because it shows that we are able to actually apply what we learn in class. My applied project had nothing to do with environmental economics, but I remember that they asked me technical questions regarding the econometric method I used in the project. Moreover, in my case, the team wanted an intern who was familiar with SQL Server: I had to convince them that I could easily learn how to use it since we already use different software at TSE. So I would recommend not limiting yourself to internships that ask only for skills you are sure you have!

Also, in order to get an internship in an international organization like the OECD, I would advise to directly contact people you would like to work with. Indeed, all the other interns I met at the OECD had not been selected through the regular online application process, but by getting in touch directly with their advisor.

Theodore Berut, DG for Competition of the European Commission

1. Where did you do your internship and what was your role?

From May to September 2017, I was a trainee at the Directorate General (DG) for Competition of the European Commission. Based in Brussels, the DG is in charge of implementing competition policy for the European Union, mostly through the analysis of State Aid and Merger notifications originating from Member States, and through antitrust regulation.

As a member of Unit H2 (State aid in the areas of Research, Development & Innovation, and Environment), I was assisting case handlers in their daily case work of analysing notifications of measures. I was assigned to the drafting of the acceptance decision of an employment measure providing tax incentives to employee share option schemes for innovative SMEs. I also worked on a measure’s notification aiming at allocating aid to support the activity of a large company in the car sector. Finally, I was entrusted with the task of coordinating the annual monitoring exercise within the unit.

2. How did your studies at TSE help you during the internship?

I did this internship at the end of a M1 “Economics and Law” at TSE. Working at DG COMP thus was an amazing opportunity to apply the theoretical approaches to competition we studied in class. Although my economics training was very useful to fully understand the reasons behind the European Legislation on State Aid, I mostly used the legal side of my academic background. DG COMP has a specific Unit responsible for the economic side of the other Units’ cases: the Chief Economist Team. The knowledge I gained through the Competition Law and Business Law courses were of particular interest. I knew most of the regulations and specific vocabulary used by my Unit before starting the traineeship.

The international aspect of the school and the numerous international students I met during my years at TSE also helped me to quickly bond to the European team I was working with.

3. How did you get the internship? What would be your advice for students looking for a similar internship?

I was very lucky to get this internship as I did not apply using the usual process. A friend of mine had applied for a traineeship at DG COMP but had already started another internship by the time she got accepted. Due to their urgent need for a trainee, the recruiters asked her for any other interested candidate and she forwarded my resume. I was contacted on the next day and started my internship two weeks later.

To find an internship at DG COMP, I would recommend applying to the Blue Book program that opens twice a year on the European Commission’s website. Although it is a very selective program, the Blue Book traineeship offers several benefits (interesting wage, refund of travel expenses…). The application for the spring round closes towards the end of August. Whether you miss the deadline or do not get selected for the Blue Book program, you can still apply for an “atypical” position. Such a traineeship is in fact an unpaid and unofficial version of the Blue Book. Less advantageous, it is also a less selective internship. The tasks assigned to the atypical trainees however are similar to the one of the Blue Book’s ones. To apply to such an internship, students should look for the Human Resources’ email address which can be found on DG COMP website in the “Visitor Scheme” section.
Current student: Alea Muñoz

1. Which aspects of your chosen program were the most challenging?

In almost every course we have to write an empirical paper. This involves finding an interesting economic question and the appropriate data. Sometimes you come up with a very good idea, but unfortunately you don't have the data. Even when you have the required data, developing an econometric method is always a challenge! You face endogeneity issues or other statistical problems. It may seem complex but, in fact, you learn a lot since you put into practice all your econometric skills. Also, it is very rewarding to see that you are actually able to present a model that assesses an existing economic phenomenon or to present a public policy which aims to solve a socio-economic problem.

2. Which was your favourite course(s) and why?

I have two favourite courses. The first one is "Empirical Methods of Development", taught by Matteo Bobba. The course gives us the tools for conducting randomized controlled trials (RCT). From an econometric point of view, RCTs are a very powerful tool since randomization (if done properly) allows us to have clear causal interpretation of the results. Nowadays, they are widely used by development economic researchers such as Esther Duflo. For the final project we were asked to create a RCT and I found it really useful.

I also particularly like the "Economic Effects of Political Institutions" course, taught by Michael Becher. The course looks at economic problems from a political point of view, which was something new for me. We treated topics such as the effect of democracy on growth, how gender quotas change the preferences of political decision-makers and how the level of education of political leaders can impact their performance. If you like politics, this course is for you!

Alumna: Mahi ElAttar

1. What are you up to now?

I work at the World Bank's office in Washington DC, as a consultant and Research Assistant in the Middle East and North Africa (MENA) Vice President and Chief Economist's offices. I was lucky enough to receive a job offer before my internship was over, working on the same project I worked on during my internship that validated my M2-PPD. In a nutshell, I am part of a team that drafts reconstruction strategies and recommendations for conflict countries in MENA, offering cross-support to different country offices in the region and units across the World Bank. Whenever I have to explain what I do, I always say "I work on the four fun countries in the Middle East: Syria, Libya, Iraq and Yemen". Seeing how complicated the context in those countries is, we always joke by saying "it's never a boring day in the Middle East!"

2. Which skills, acquired from studying at the TSE, have you found useful?

Since I work on the political economy of conflict countries in the Middle East, the topics we covered in the classes of "Political Economy and Development" and "Foreign Aid and Governance" were particularly useful when trying to draft strategies for the reconstruction in these countries. M2-PPD also taught me how to understand the chain reactions caused by any policy, which we need to consider carefully in the fragile, conflict-ridden context so as to avoid future instability. Most PPD classes also integrate quantitative analysis and econometrics with topics related to development, which is useful in learning how to apply theory to public policy.

However, I think that the most important skills I learned at TSE were not necessarily related to the academics. "PPD people" come from completely different backgrounds, which always enriched the discussions we had in class. I think this international environment helped me fit easily in the international work environment at the World Bank Headquarters in DC, where working with someone from the same country is not common. Another good thing about PPD is how most classes are based on group projects and presentations, and not on final exams. This was a great opportunity to learn how to work better in teams and with students from different backgrounds. If I were to go back in time, I would definitely choose M2-PPD again.
Current student: Annie Krautkraemer

1. Which aspects of your chosen program were the most challenging?

The most challenging aspect was probably time management, which is likely a skill you have already developed in the M1. There are quite a few projects and presentations to handle, but there is the possibility to start some of them earlier on in order to not get overwhelmed by the end of the semester.

2. Which was your favourite course(s) and why?

In the first semester, I would say Cost Benefit Analysis because we were able to have discussions, and there was a lot of participation involved, and that is more of the learning style that I was used to before coming to TSE. While it is still early in the second semester as I write this, I am also enjoying Econometrics of Program Evaluation because we are going to learn practical skills that will be very useful. If you are interested in working on issues involving environmental policy or energy and climate change, M2 ERNA is a good choice. There is also the new ERNA program for ecology and economics, which is a more interdisciplinary master’s program where you learn ecological and biological concepts.

Alumnus: Romain Esteve

1. What are you up to now?

I recently joined London Economics Ltd, a consulting company that provides rigorous economic analysis in different sectors such as behavioural economics, finance, public policy and space. I work as a full-time member of the space team, which focuses on the space industry. In other words, I became a space economist. Missions are very different from one to another. We use state of the art methodologies to provide high level analysis and tools for decision making and very specific knowledge about the growing industry.

2. Which skills, acquired from studying at the TSE, have you found useful?

The analytical skill is indubitably the most useful. Working as an economist requires awareness of the data we hold and the information it carries. In my background, knowledge of statistical tools is also a key strength. Simple or deep statistical analytics is an important skill to put forward when facing interviewers and competition. Finally, as an ERNA student, I learned a broad set of valuation tools which are essential for the work I am currently doing, including benefit cost analysis, travelling cost method, survey-based analysis, etc. On the space team, we face an important challenge knowing that we are analysing a niche market with very little available data. We need to be creative and to use “textbook” methodologies very often. For instance, one of our missions is to build a cost-benefit analysis of mining asteroids. This is the first time such an analysis has been built, so resources are poor, and we need to follow our scholastic knowledge to be able to build a decent report.

EcoStat - Economics and Statistics

Current student: Anita Clement

1. Which aspects of your chosen program were the most challenging?

The field of application of the Econometrics and Statistics Master’s degree is very wide. This is why we have many classes and projects that help us get an overview and the corresponding skills used in business settings. As a result, it can be hard to allocate time and find enough motivation to go the extra mile. Furthermore, half of us are doing an apprenticeship that allows you to work from Thursday to Friday for a year, which brings a lot of challenges to the table such as dealing with your time management to achieve big goals and good results. Beyond this, it is a unique opportunity to have an additional professional experience, develop unique skills, and test your own knowledge. The latter, translates into busy weeks (early days and late nights) when you have to catch up on Thursday and Friday lectures.

2. Which was your favourite course(s) and why?

Graph theory was one of my favourite courses. It provides specific knowledge on network analysis, which is really absorbing! This was really attractive to me since the associated methods are very powerful tools to analyse all kinds of networks from neurons to social networks. A concrete application we had to work on was retrieving tweets from Twitter. Our mission consisted in identifying and regrouping them (with the help of text mining techniques) in order to apprehend positive or negative attitudes with respect to marketing practices to help companies improve their business development. Recommendation systems like Amazon’s product suggestion based on your previous purchase is just one example of the widespread and successful use of graph theory.
Current student: Sai Bravo Melgarejo

1. Which aspects of your chosen program were the most challenging?

The M2 EMO program is a mix between theoretical and empirical courses. For me, the most challenging part was the pressure of having classes where grades exclusively depended on the final exam. However, the content is really interesting, which motivates you to work hard.

2. Which was your favourite course(s) and why?

I think my favourite courses during the first term were both Quantitative Analysis and Empirical Analysis of the Firm Behaviour. The first course allowed me to learn how to deal with data, which I guess will be useful in the future. The second one was really interesting in terms of the variety of content and topics. For example, we learned about online platforms' reputation, online pricing mechanisms and consumers' overconfidence, which I personally enjoyed. Finally, during the second term the courses that I have enjoyed the most are both Energy Markets and Air transport.

Alumnus: Philip Hanspach

1. What are you up to now?

I am enjoying the sun, the warm weather and palm trees in Berlin. Just kidding, I work in economic consulting with NERA and I am writing this in the midst of a crazy snowstorm. Most of our projects concern damage quantification in cartel litigation. As guardians of ordo-liberalism and competition, we often defend nice little family firms who ended up in an alleged cartel against the outrageous damages claims of greedy purchasers by providing sound economic analysis.

2. Which skills, acquired from studying at TSE, have you found useful?

Criticizing papers in class was a good preparation for thrashing opposing experts' reports. Rigorous economic thinking and robust statistical analysis are also really useful. Indeed, in contrast to our professors who can be really happy if someone reads their papers, we have to write stuff that undergoes serious scrutiny (and guaranteed opposition) from the opposing experts. Most other stuff I learned at school was not all that important. I met a lot of cool people and had a good time, though. The management, communication and team-working skills, which I honed as Chief of Organization at the TSEconomist, are more useful to me in the job than any class.

Current student: Linh Nguyen

1. Which aspects of your chosen program were the most challenging?

Currently being in Corporate Finance, and having been from the M1 of TSE last year, it was rather difficult to catch up with tools in corporation valuations and knowledge on financial markets and financial instruments and hedging tools. At the same time, the program is very intensive with several projects to hand in a week and requires a lot of initiative.

2. Which was your favourite course(s) and why?

My favourite course is Risk Management, as you are learning about the risks that a company or corporation would encounter on a daily basis. One example is foreign exchange risks (how foreign exchange rates increasing or decreasing could affect a business's investment decisions and profitability). In the course we learn about real options and the value and pricing of these options and the tools to hedge against the risks that the company would face, which is really interesting as we see how things are and how decisions are taken in real life situations with big companies.

Current student: Thuy Duong

1. Which aspects of your chosen program were the most challenging?

The most challenging thing when studying the M2 Finance and Information Technology in TSM would be changing my specialisation from Economics to Finance. Despite having chosen two electives related to the field in TSE, there are
Current student: Tristan Salmon

1. Which aspects of your chosen program were the most challenging?

The first thing to know is that the semester is very uneven, in that there is not that much work for the first two months but it starts to build up after November. The most tedious aspect is that there are two law exams in January; the law topics are not particularly interesting either. However the economics courses are useful and generally fairly accessible. The most time-consuming part was the competition econometrics project for Céline Bonnet’s class. It involves a lot of coding and trial and error, but is definitely worth it. If you take it I would advise you to start working on it as soon as you can. If you took Mathias Reynaert’s empirical IO class in M1 you will find this class at lot easier, but you can survive without it.

We still have four exams in the first term but the second is more oriented towards presentations and/or reports which makes it more interesting to work on.

If you survived the M1 you will be more than equipped to do well in this M2, however it does still require some work.

2. Which was your favourite course(s) and why?

My favourite course so far is Visual Basic for Application (VBA). This course is very useful and practical since VBA is widely used in the financial industry. After the training, I am able to develop a function that does not exist natively in Excel or even a small applications based on Excel. This course also provides me some solid skills which are often listed as requirements in internship or job offers in finance.

Alumna: Manon Portier

1. What are you up now?

I am currently a trainee lawyer at Ecole de Formation des Barreaux (E.F.B.) in Paris. After my graduation in 2016 and an internship at a law firm in Brussels, I passed the bar exam to become a lawyer specialised in competition law.

The Bar school takes place in three steps: a six-month period of lectures related to various subjects (such as management of a law firm or corporate law), and two internships of six months each. I spent my first traineeship in the competition law department of Engie and the second in the competition department of a business law firm, BDGS & associés.

2. Which skills, acquired from studying at the TSE, have you found useful?

The training provided at the TSE gives all the analytical tools required to understand economics and competition mechanisms. During my studies, I acquired an in-depth knowledge in French and European competition law, along with skills in industrial organisation and application of econometric models. From a law firm’s point of view, these two skills appear essential to address a wide range of issues stemming from complex economic situations.

In addition, studying at TSE in English enables you to acquire a technical vocabulary to be operational and to have a wide capacity working with different nationalities. Moreover, after the bar school, I will be able to practice as a lawyer everywhere in the European Union as law firms usually work in English. Furthermore, it is not necessary to emphasise that the TSE helped me to deepen professional qualities like organization, communication, and rigour.

Another added value of TSE that deserves to be highlighted is that the school offers a large panel of extra scholars and complementary activities such as student societies, business talks and conferences, business networking day, etc.
Econometrics and Empirical Economics

Current student: Seán McKiernan

1. Which aspects of your chosen program were the most challenging?

My background is not technical, so choosing to specialise in Econometrics was always going to be tough. However, for all its faults, the M1 does leave you in a good position to tackle the models introduced in EEE. On the other hand, I spent several grim weekends over the summer tackling appendices of econometric textbooks. I also made friends with some YouTubers who provide a wealth of easily accessible material for anyone who might be rusty on some of the more fundamental concepts of linear algebra and statistics. The course is project-intensive, so managing your time can be challenging, so too can getting up to speed on your coding skills. However, with a little effort both are manageable and come with the compensation of less exams and more interesting work. The difficulty of classes varies from the straightforward to what actually cannot be far from rocket science, but overall anyone who has battled through the M1 is more than capable of succeeding in EEE.

2. Which was your favourite course(s) and why?

The thing I like most about EEE is how industry-orientated it is. Teachers often present models with the prefix “if your boss asks you about X, use this.” So, although maths remains important, it is only there to give you a rough and ready grasp of what is going on. The object is to train students how to be useful consultants, field econometricians or even data scientists—not theoretical researchers. As a result, classes feel relevant and the techniques learned genuinely useful. The courses I have enjoyed most are prime examples of this: Learning Python with a data scientist from Deloitte, using machine learning techniques for a project in High Dimensional Data and, more recently, exploring the theory and tools of Big Data. What I found the coolest about these classes is that you actually study, in a rigorous way, the buzz words you hear and read about. TSE’s researchers are also pretty cutting edge in this field, and are genuinely impressive. Assessments in these classes are mostly project based. That means your coding skills are just as important as your maths skills: If you like coding you will enjoy your courses, if you do not it will be a nightmare.

Alumnus: José M. Álvarez

1. What are you up to now?

I am a Data Analytics Consultant at Deloitte North West Europe in Brussels, Belgium. I am part of two teams: the Data Science team and the NGIN (Next Generation Infrastructure) Solutions team, with a focus on operational risk. My job consists in building statistical models to predict the future performance of assets—where an asset can be anything from a network of gas pipes to a house-size compressor. Our work allows the client to plan ahead based on data-driven solutions. This is commonly known in the industry as predictive asset management. In my current project, for example, we are working with the sensor data of a hyper compressor that creates plastic. Our goal is to build an anomaly detection model able to detect failures on the compressor at least two-weeks in advance so that the operator can shut down the machine in a controlled setting. The team is doing increasingly more financial risk modelling projects as well. And I am excited with the possibility of studying human behaviour again.

2. Which skills, acquired from studying at TSE, have you found useful?

I would say the majority of the EEE coursework, as well as the first-year math and econometrics courses. I am the only economist in my team (the rest are a mix of engineers and PhDs in physics) so statistics is the common language that we use to understand each other. I do not use econometrics per se, but the ‘metrics’ part of it serves as my basis for studying machines. In that sense, Large Dimension Models, Big Data, and Non-parametric Methods have been extremely useful courses. Also important are the programming languages, mainly R and Python. Finally, in the consulting world, good communication skills (like the ones you develop at The TSEconomist) are almost as important as coding and technical skills.
ETE - Economic Theory and Econometrics

Current student: José Alfonso Muñoz Alvarado

1. Which aspects of your chosen program were the most challenging?

The M2 Economic Theory and Econometrics is the first step of the doctorate program and a life of research and teaching. One would have expected that after 15 years of education it is possible to deal with this master, more when one studies things already seen in previous years like Econometrics and Microeconomics. I could not be more wrong. The level of pressure, the intensity of the courses, the rigor of the proofs and answers one must provide made me realise that during the undergrad and M1 one was only receiving a little taste of what economics is about. Add to this the constant changes the masters directors are doing to the program, aiming to adapt it to an American system and you will have a master program that will take you to the limit.

2. Which was your favourite course(s) and why?

It will be surprising to hear someone in ETE talking about one favourite course. For me at least, it will not happen. However, I must say that some professors gave their best teaching and some courses were more interesting than others (or less awful). One example is professor Jérôme Bolte in Optimisation; not only is the class very helpful and useful for any kind of research area one wants to do, but he adjusted his teaching to a level where—even with the heterogeneous background the students had—everyone could understand and follow his class.

Alumnus: Fernando Stipanicic

1. What are you up to now?

I am a first year PhD student in Toulouse School of Economics. The first year of the doctoral program consists in taking seven specialisation courses along the year and working on a first research idea that will be presented in September or in October of the following academic year.

2. Which skills, acquired from studying at the TSE, have you found useful?

In few words, I have learned three useful things in the M2 Economic Theory and Econometrics. Firstly, the foundations of economic theory that enable me to understand a whole of economic problems and to know how to set up a model that would explain the mechanisms that are at play. Secondly, research skills. During the M2 thesis I had to come up with my own research question and learn the necessary literature and techniques to answer the question. I had an advisor that proved crucial to guide me during the whole process, but the final outcome depends on how hard one works. Thirdly, psychological resistance. The master is tough, there is a lot to learn in a short period of time, but you cannot let the pressure get to you. You should not forget why you are there, put the stress aside and enjoy the way and give your best.
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