

# TSE

Mag #1 { Autumn 2012 }

RESEARCH HIGHLIGHTS

VOTE DIFFERENTLY

SICK OF OUR  
LIFESTYLES

TIME TO VALUE  
YOUR LIFE

HOT TOPIC

INDIA:  
ECONOMICALLY TERRIFYING?

PARTNERSHIPS

OUR SOCIALLY RESPONSIBLE  
INVESTMENTS

EVENTS

TSE LAUNCHES THE TIGER FORUM

ALSO...  
ECOLE TSE • NEWS FLASH • CULTURE

Meet

**RICHARD BLUNDELL...**

# editors' message



Jean TIROLE, President - TSE



Christian GOLLIER, Director - TSE

## Dear Friends,

It is with great pleasure that we present you our **new TSE magazine** - a quarterly publication aimed to bring you a dynamic, diverse and thought-provoking insight into the activities of our community. TSE is all about economics, this ever-challenging science that drives our research, connecting the 160 members of our three research centres - the ARQADE, the GREMAQ, and the LERNA.

Yet TSE is much more - thanks in particular to the undergraduate and graduate programmes of our "École TSE", as well as the new multidisciplinary institute of advanced studies in social sciences, the IAST, and the venerable institute of industrial economics, the IDEI. Through this magazine we seek to provide a **unique platform for all these compelling branches** that make up our community within the University of Toulouse 1 Capitole.

We shall let the magazine speak for itself for this first edition, but we are sure that you will find, as we do, that the range of subjects is a timely reminder of the **breadth and depth** of the work undertaken at TSE and the commitment of the school as a whole to the **all-important and emerging** social issues of today's world.

We extend our thanks to all the contributors of this first edition, in particular to our external contributors, who very kindly and with delightful **enthusiasm** accepted to take part in this new adventure.

Richard Blundell, Chairman of the TSE Scientific Council, accorded us an inspirational and charming interview on his impressive career.

Emma Rothschild, professor of History at Harvard and Cambridge, has written a **fascinating** piece on Adam Smith and his links with Toulouse. Bruno Sire, President of our host University, Toulouse 1 Capitole, brings us up to speed on the new TSE building which will welcome us in 2015.

Last but not least, thanks to each and every member of TSE for their **commitment**, to our institutional founders (CNRS-EHESS-INRA-UT1) and our partners for their **highly valued support**, and of course to you all for your continued interest.

04

### > RESEARCH HIGHLIGHTS

**Karine Van der Straeten**  
Vote differently: 4 voting systems tried & tested.

**Catarina Goulão**  
Sick of our lifestyles.

**Tuba Tuncel**  
Time to value your life.

08

### > HOT TOPIC

**Interview with Jean-Paul Azam**  
India: economically terrifying?

10

### > EVENTS

**TSE**  
launches the TIGER Forum.

12

### > THE BIG INTERVIEW

**Richard Blundell**  
Crossroads in economics and econometrics.

14

### > PARTNERSHIPS

**Our socially responsible investments**  
The FDIR Chair.

18

### > ÉCOLE TSE

**A new director**  
Jean-Philippe Lesne.

20

### > NEWS FLASH

**Joining our ranks... And the winners are...**  
At TSE and the IAST.  
Awards and prizes.

22

### > CULTURE

**Paul Seabright**  
Deciphering the war of the sexes.  
**Emma Rothschild**  
Following in the footsteps of Adam Smith in Toulouse.



Quarterly magazine of Toulouse School of Economics, 21 allée de Brienne - 31015 Toulouse Cedex 6 - Tel.: +33 (0) 5 67 73 27 68 - Commissioning editor: Christian Gollier - Production editor: Joel Echevarria - Editor-in-chief: Jennifer Stephenson - Graphic Design - Layout - Prepress: A La Une Conseil - Reporter: Marie Lepesant - Iconography: Studio Tchiz Photography: ON - Rémi Benoit, Patrick Dumas, Survival Intl., TSE, UT1 - Printed by: Fabrigère - Circulation: 3400 copies - Printed on recycled paper certified «PEFC» - ISSN & French Press commission n°s under request.



Karine Van der Straeten

## Vote differently: 4 voting systems tried & tested

A team of researchers in economics and political science made the most of the 2012 French presidential elections to test out a number of different voting systems. They were looking to deepen their understanding of how electoral systems influence voter choices. We examine the feedback with the study's co-director Karine Van der Straeten, CNRS Research Director at the TSE-GREMAQ research centre.



### RECAP

> The candidates had somewhat similar outcomes in both the two-round and proportional runoff systems and the alternative vote method.

> François Hollande was elected irrespective of the electoral system used.

> François Bayrou was ranked higher in the endorsement voting method than in the runoff system.

#### How did you carry out the study?

**Karine Van der Straeten.** During the three weeks leading up to the first round of France's presidential elections, we asked French-speaking internet users to vote in a mock election for the new President of France. They were allowed to try out four different voting systems: the two-round runoff system currently used in France, the proportional system used in Mexico, the alternative vote method used in Ireland (candidates are ranked and then successively eliminated) and the endorsement electoral system that is not currently being used in any country (all voters can endorse as many candidates as they like and the one with the most endorsements is elected).

#### Tell us about your findings...

**KVDS.** In our experiment, François Hollande was elected every time, regardless of the voting method. The candidates received quite similar scores in the two-round runoff system, the proportional system and the alternative vote method. But although 46% of voters in the endorsement method clearly elected François Hollande, François Bayrou came in second with 41% of the endorsements, followed by Nicolas Sarkozy and Jean-Luc Mélenchon, who both received a comparable number of endorsements (each voter endorsed an average of 2.5 candidates). However, it should be noted that since participation in the experiment was voluntary, our sample of test voters was neither random nor representative. The results you see here have been adjusted, so to speak, by votes in the first round of the real-life elections in May, but they should be interpreted somewhat loosely.

#### What conclusions do you draw from these results?

**KVDS.** It is still too early to draw any clear conclusions from the experiment, but we have managed to collect some detailed data that we are still analysing. Nonetheless, these official preliminary results seem consistent with findings that had already been observed in experiments carried out in France and elsewhere in Europe. **Centrist or more consensual candidates are at a disadvantage in the runoff electoral system, which requires a strong voter base.** A centrist candidate like François Bayrou is highly favoured by many voters, but few rank him as one of their top choices. On the other hand, in the endorsement system, which allows voters to voice their preferences more accurately by assessing each candidate, François Bayrou is ranked much higher.



### LEARN MORE...

The "Plural Voting" study is part of a broader research programme involving political scientists, psychologists and economists from Europe and North America. Researchers are closely examining 25 election periods in five countries over seven years to see how policy is affected by various electoral systems.

<http://voteaupluriel.org>



Catarina Goulão

## Sick of our lifestyles

87%

of deaths in high-income countries are caused by non-communicable chronic diseases (NCDs), that's to say non-infectious medical conditions such as cardiovascular diseases, diabetes, asthma, and many cancers. This staggeringly high prevalence rate points to NCDs as the major cause of death all over the world, except for Sub-Saharan Africa.

In a recent paper, Catarina Goulão and Agustín Pérez-Barahona introduce a theoretical framework that contributes to the understanding of NCD epidemics, investigating the social dimension behind this modern-world problem.

#### How are NCDs spread?

The causes of NCDs are as diverse as genetics, age, or even modifiable risk factors such as smoking, lack of physical activity and unhealthy eating. The considerable rise in the prevalence of NCDs over just a few decades cannot be linked solely to genetic mutations or aging, because we observe that young people are also affected by NCDs, typically in the form of obesity. Since these risk factors are modifiable, NCDs can be qualified as «socially, not biologically» transmitted. In our paper, we focus on intergenerational transmission, providing an economic model to determine to what extent modifiable risk factors - or habits - transmitted from one generation to the next are responsible for NCD epidemics.

Take diet as an example. The probability of developing certain NCDs later in life depends on how one eats as a child. However, children do not generally choose what they eat, but rather they eat what their parents feed them. Parents are not necessarily aware of the impact of these choices on their children's health. Eating habits are hence transmitted from one generation to the next, introducing a negative externality and potentially leading to NCDs in the case of unhealthy habits. In general we find that, due to the social

transmission of NCDs, agents choose lower health conditions and higher unhealthy activities than what we consider to be socially optimal.

#### How does your work influence policy?

Our aim is to understand the economic implications of NCDs, and determine which policy instruments can be used to enhance welfare. Taxes on unhealthy activities can be used to restore the social optimum, via a decrease in the probability of modifiable risk factors being transmitted. Examples include taxes on cigarettes, junk food or soda.

#### Don't these so-called "fat taxes" penalise the poor?

One could argue that "fat taxes" penalise the poor, as they are more likely to buy lower quality foods because they are less expensive. However, this is quite a narrow analysis, as we do not simply care about the finances of poorer people, but also their health, and "fat taxes" clearly have a benefit on health, reducing unhealthy consumption. Moreover, the capital raised via these taxes can in turn subsidize health investments which often target the poor, and have a generally positive impact on society.

#### Does your NCD epidemic model apply worldwide?

The economic mechanisms behind NCD epidemics are still far from being understood, but we observe that our model is consistent with the existence of regional discrepancies in the prevalence of obesity and NCDs. For example, France has a low, albeit rising, obesity rate of about 12% compared to 30% in the United Kingdom. We are attempting to further the understanding of these disparities between countries.



### LEARN MORE...

«Intergenerational transmission of non-communicable chronic diseases» forthcoming in The Journal of Public Economic Theory. Catarina Goulão (TSE-GREMAQ, INRA) and Agustín Pérez-Barahona (INRAAgroParisTech and École Polytechnique).

Tuba Tuncel

## Time to value your life

**Benefit-cost analysis is a useful tool for evaluating public policies. When those policies are designed to reduce mortality risk, it is necessary to compare the value of reducing mortality risk with the costs of the project.**

Our project investigates how people value a reduction in mortality risk depending on how the risk reduction is distributed over time. The study is based on an innovative paper by Nielsen et al. (2010) entitled 'How would you like your gain in life expectancy to be provided?' We will survey a random sample of the French population on how they see these issues. The objective of this work is to help understand public preferences for different patterns of mortality risk reduction. This may lead to a more accurate assessment of the benefits of different policies.

We have already observed that the value of a lower mortality risk can change depending on when it occurs. Some policies, such as measures

that reduce the risk of dying in a traffic accident, lower the mortality risk across all age groups by the same percentage.

Other policies, like those that reduce air pollution, reduce the chance of dying more as the baseline risk of dying increases, i.e., as people get older or their health deteriorates. Lastly, policies aimed at reducing the exposure to chemicals or radiation that cause cancer are not able to immediately lower risk; their effect is felt over time.



### RECAP

> Our project investigates how people value a reduction in mortality risk depending on how the risk reduction is distributed over time.



Tuba Tuncel with her PhD supervisor, James Hammitt



### LEARN MORE...

#### Publications

Nielsen, J.S., S. Chilton, M. Jones-Lee, and H. Metcalf, «How would you like your gain in life expectancy to be provided? An experimental approach» [Journal of Risk & Uncertainty, 2010.](#)

Hammitt, J.K. and K. Haninger, «Valuing fatal risks to children and adults: Effects of disease, latency, and risk aversion» [Journal of Risk & Uncertainty, 2010.](#)

Hammitt, J.K., «Valuing changes in mortality risk: Lives saved vs. life years saved» [Review of Environmental Economics & Policy, 2007.](#)

## About our researchers



**Karine Van der Straeten**



CNRS researcher, deputy director of the **TSE-GREMAQ** research centre, and member of the IAST. Her work brings together cutting-edge research in economics and political science, mainly concentrating on the theory of collective decisions, modelling political institutions and the experimental study of political behaviour. Karine has published articles in both French and international journals, like the *Revue Française de Science Politique*, *Experimental Economics* and *The Journal of Public Economics*. In 2009, she was awarded the CNRS bronze medal.



**Catarina Goulão**



With a PhD in economics from the CORE research centre at the Catholic University of Louvain in Belgium (2006), Catarina joined TSE in 2007 as an INRA research director at the **TSE-GREMAQ** laboratory. She uses quantitative methods to study the economics of health and public financing.



**Tuba Tuncel**

PhD candidate who joined James Hammitt's team in 2011 after obtaining a Masters degree in environmental economics and natural resources from the Ecole TSE.



**James Hammitt**



Professor of economics and decision sciences within the department of health policy and management of Harvard. James is currently on a multi-year scientific placement at the **TSE-LERNA** research centre, supervising a team of PhD and post-doctoral researchers. With a PhD in public policy from Harvard (1988), James is a former mathematician at the Rand Corporation, and is renowned for his research in risk analysis. He has published over 100 articles in journals such as *Nature*, *Science*, and leading economics publications.

# India: economically terrifying?

Jean-Paul Azam, professor at TSE, specialises in development economics, mostly in African countries. He has been studying a conflict affecting an indigenous population in central and eastern India.



## FURTHER READING

### Publications

Alpa Shah,  
«In the Shadows of the State. Indigenous Politics, Environmentalism, and Insurgency in Jharkhand»  
[Duke University Press Books, USA, 2010.](#)

Felix Padel and Samarendra Das,  
«Out of This Earth. East India Adivasis and the Aluminium Cartel»  
[Orient Blackswan, New Delhi, 2010.](#)



## INTERVIEW WITH JEAN-PAUL AZAM

### How do you link terrorism and economics?

**Jean-Paul Azam.** In the wake of the September 11 attacks, I wanted to find out if terrorism was a conventional conflict. In 2005, I published an article describing how it derives from basic microeconomic concepts. A terrorist sacrifices his life for future generations. Since that behaviour is rational, we can find a rational way of ending it. The response to transnational terrorism – when a citizen of a poor country attacks a rich country – is international aid. According to our research, countries that receive aid and focus on

“Our job is not to advise governments, but rather to inform voters.”

building educational capital produce fewer terrorists. Conversely, countries with a strong American military presence produce more terrorists.

### Why did you choose to study India?

**JPA.** In 2009, a young student from India, Kartika Bhatia, came to see me on the recommendation of the economists Jean Drèze and Michael Walton. She told me the story of the Adivasis, a group of different Indian tribes living in the forests of central and eastern India. Over the past few years, Indian and foreign industrialists have

been eyeing up the Adivasis' land, as it boasts an abundance of mineral resources, particularly bauxite. This is giving rise to violence that is putting the indigenous population in the direct line of fire.

### How did you analyse the situation?

**JPA.** We conducted econometric tests that helped us develop a theory of provocation. The presence of minerals leads to violence. It is perpetrated by the local government, which is supporting clashes between police forces and Maoist militants living in the Adivasis territories. The real goal is to drive the inhabitants from the forest so mining companies can move in.

### How can your analysis help the situation?

**JPA.** Our job is not to advise governments, but rather to inform voters. Our scientific evidence will allow them to vote responsibly. The article that we will be publishing with Kartika Bhatia should influence civil society in India, which incidentally is fully capable of making itself heard.

## /LEARN MORE...

Jean-Paul Azam and Kartika Bhatia, «Provoking Insurgency in a Federal State: Theory and Application to India»  
TSE Working Paper, no. 12-316, August 2012.

## PROFILES



### Jean-Paul AZAM

> Jean-Paul Azam completed his PhD in economics at LSE in 1980 and is now a professor of economic sciences at the University of Toulouse 1 Capitole and a researcher at the TSE-ARCADE laboratory (Quantitative Research Lab Applied to Economic Development). As a senior member of the Institut Universitaire de France, he studies economic and political development in poor countries, focusing on international aid, migration, ethnic discrimination, conflicts and terrorism.



### Kartika Bhatia

> Kartika Bhatia travelled from New Delhi to complete her final year of graduate school at TSE, where she began working with Jean-Paul Azam on the Naxalite conflict in India, initially for her Master's thesis and now for her PhD dissertation.



PAST EVENTS

- 11-12 May 2012**  
Financial Econometrics Conference (TSE).

---

- 12-13 June 2012**  
Identity & Incentives in Organizations Symposium (IAST - ANR).

---

- 14-16 June 2012**  
«Social Interactions, Identity and Wellbeing» Conference (IAST - CIFAR).

---

- 21-22 June 2012**  
Industrial Organisation & Food Processing Industry Conference (IDEI - INRA).

---

- 28-29 June 2012**  
Market Power in Vertically Related Industry Workshop (ANR - DFG).

---

- 12-13 July 2012**  
Risk & choice: a conference in honour of Louis Eeckhoudt (TSE).

---

- 6-7 September 2012**  
Risk Management and Financial Markets Conference (TSE).

---

- 28-29 September 2012**  
Conference Celebrating the 65th Birthday of JP Florens (TSE).

# TSE launches the TIGER Forum!



Mark this new annual rendezvous in your diaries – beginning with **5-7 June 2013**, the first week of June each year is now to be known as the TSE TIGER Forum week. Why TIGER? To express the fields of expertise that TSE, today among the top 10 centres of research in economics worldwide, has become renowned for: “Toulouse - Industry - Globalisation - Environment - Regulation”. The TIGER Forum aims to become the global meeting

place for economic science, reputed for its scientific excellence and ability to provide the keys to understanding the major issues of our times. At the heart of TIGER, TSE researcher Marc Ivaldi and his colleagues have created a forum where the world’s leading economists can rub shoulders at scientific events, open round tables, prestigious prize awards and cultural highlights.

Tuesday 4 June	Wednesday 5 June	Thursday 6 June	Friday 7 June	Saturday 8 June
TSE SCIENTIFIC COUNCIL	OPENING SESSION	SCIENTIFIC CONFERENCES	TIGER PLENARY SESSION	CULTURAL PROGRAMME
	SCIENTIFIC CONFERENCES	JEAN-JACQUES LAFFONT PRIZE	SCIENTIFIC CONFERENCES	
		GALA DINNER		



Marc Ivaldi

UPCOMING EVENTS

- 11-12 October 2012**  
Behavioural Environmental Economics Conference (IAST - IDEI - INRA - ANR).

---

- 18-19 October 2012**  
Development Economics Workshop (TSE - EUDN).

---

- 22 November 2012**  
Long-term care Workshop (TSE - IDEI - SCOR).

---

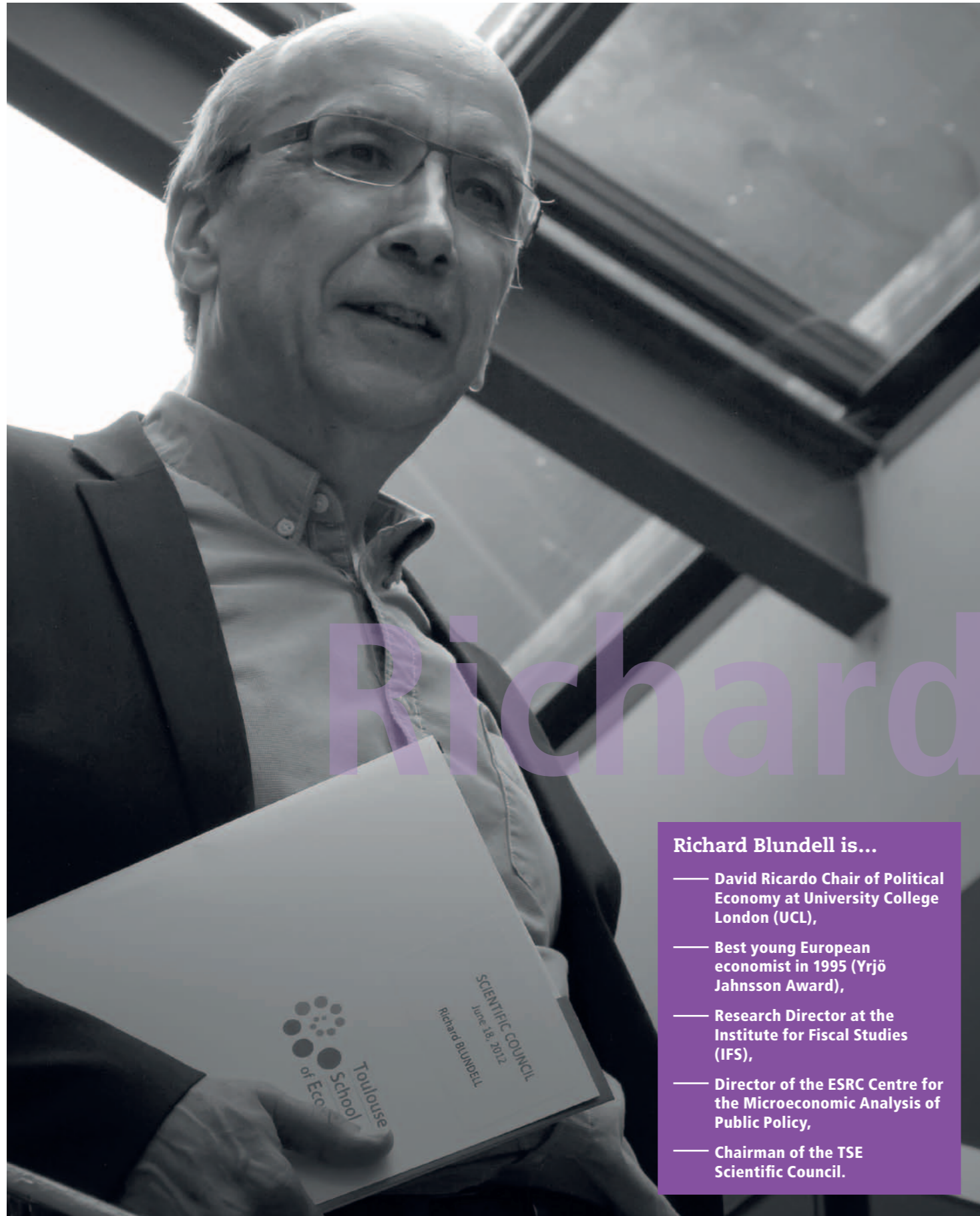
- 17-18 January 2013**  
The Economics of Energy Markets Conference (TSE IDEI).

The programme for the first forum is still being finalised, but it is already packed:

- > **3 international scientific conferences moderated by TSE researchers:**
  - “Pricing long-term projects and assets in an uncertain world”, organised by Christian Gollier,
  - “The economics of intellectual property, software and the Internet”, co-organised by Jacques Crémer and Paul Seabright,
  - “Information processing in macroeconomics and finance”, organised by Franck Portier,
- > **a plenary session on a current topic** where corporate leaders, elected officials and representatives of civil society can exchange ideas with major figures in global economics,
- > **the award ceremony for the prestigious Laffont Prize** organised by the IDEI and the Toulouse City Hall (recent winners include Robert Townsend, Robert Wilson, Roger Myerson, Richard Blundell and Stephan Ross),
- > **a gala evening** in a distinguished Toulouse setting where economics meets with culture,
- > **the TSE Scientific Council meeting** including 3 Nobel Prize winners.

Contact: [tiger@tse-fr.eu](mailto:tiger@tse-fr.eu)





**Richard Blundell is...**

- David Ricardo Chair of Political Economy at University College London (UCL),
- Best young European economist in 1995 (Yrjö Jahansson Award),
- Research Director at the Institute for Fiscal Studies (IFS),
- Director of the ESRC Centre for the Microeconomic Analysis of Public Policy,
- Chairman of the TSE Scientific Council.

Meet Richard Blundell: world-renowned economist and econometrician, celebrated internationally for his pioneering work in microeconometrics applied to the analysis of labour supply, welfare reform and consumer behaviour.

**How would you describe your work?**

**Richard Blundell.** What really inspires me is the intersection between economics and econometrics. That is seeing how ideas from economic theory work out when confronted by data on the observed actions of economic agents. Then putting the results to work in addressing key policy questions. More specifically, I have always had a keen interest in understanding household behaviour - whether it be consumer choice, individual and family labour supply decisions, or the life-time allocations of income and savings. These various aspects of household behaviour raise many fascinating economic and econometric questions. The answers to which are key in the policy debate concerning tax and welfare design, as well as in public policy more generally.

“ I have always had a keen interest in understanding household behaviour.

Dan McFadden and Jim Heckman. Back in the UK, together with a group of wonderful colleagues and students, I was fortunate to be given the opportunity to help build the vibrant research group at UCL and IFS.

An ongoing highlight over the years has been discovering the power of careful microeconomic analysis to deliver a rigorous understanding of economic behaviour. Really though, when it comes down to what matters, it is seeing talented students and younger colleagues become great economists and econometricians. The fact that they continue to let me work with them is the icing on the cake!

“ A careful microeconomic analysis can deliver a rigorous understanding of economic behaviour.

**How does this work feed into public policy?**

**RB.** The key to getting my research into the policy domain has been my association with the Institute for Fiscal Studies. IFS has established itself as a key source of rigorous policy research on taxation, welfare reform, education policy, inequality, pension and savings policy etc. Since 1986, when I became the IFS Research Director, I have split my time 50-50 between UCL and IFS. This has provided an exceptional research environment for bringing together theory, econometrics and policy.

**Tell us about your links with TSE**

**RB.** Of course, my links with TSE are long-standing and remain very strong. We share a leading pan-European doctoral programme 'ENTER' and have many joint research projects and interests. Toulouse is a wonderful city and TSE has a phenomenal economics and econometrics group. I have been visiting here since the early 1980s when Jean-Jacques Laffont was establishing the new research group in economics at Toulouse. We shared many similar ideals in research, aiming to build institutions in Europe to compete at the very top levels internationally and with much of the research embedded in strong empirical and policy foundations. Hopefully my relationship with TSE will continue and flourish!

**What do you consider to be the highlights of your career?**

**RB.** My research path began through my interactions with the brilliant economist Terrence Gorman, while I was studying at LSE. He was always willing to challenge any point of view and really understood the power of economic modelling in gaining insights into human behaviour. Most importantly he stimulated my interest in the study of consumer behaviour.

My career really took off after a series of early visits to North America: in particular to UBC, Berkeley, Chicago, Toronto, MIT and Princeton, where I was lucky enough to meet and discuss ideas with many inspirational colleagues, perhaps most notably

- “
- > How do individuals and families deal with adverse economic shocks?
- > How does family labour supply interact with the workings of the tax and benefit system?
- > How can we avoid unnecessary parametric restrictions when modelling heterogeneous decisions?
- > How can we robustly assess whether consumers behave rationally?
- > What are the returns to education for different types of individuals?
- > How do savings decisions adapt to changes in retirement ages?
- > How do retirement decisions themselves respond to changing economic circumstances?

# Our socially responsible investments

In 2007, the multidisciplinary teams at the Institute of Industrial Economics (IDEI) and the Ecole Polytechnique created the Sustainable Finance and Responsible Investment Chair (FDIR).

Sebastien Pouget, TSE researcher and professor of finance at the University of Toulouse 1 Capitole (IAE), is co-director of the FDIR chair. He talks to us about the chair's objectives.



## INTERVIEW WITH SÉBASTIEN POUGET

### Why did you create a chair on this subject?

**Sebastien Pouget.** A growing number of institutional and private clients are starting to encourage portfolio managers to make a meaningful commitment to sustainable development by favouring investments that have established and controlled extrafinancial, environmental and social impacts. These managers are also looking for analysis tools and extrafinancial investment strategies to complement the financial instruments already in their arsenal. The FDIR chair's objective is to **further the understanding of what motivates socially responsible investing (SRI), and provide both the conceptual and empirical bases for this type of investment.** The chair is that much more important given the challenges currently facing our planet, such as climate change and inequalities between rich and poor countries.

FDIR WEBSITE  
[www.idei.fr/fdir](http://www.idei.fr/fdir)



**WHAT IS SRI?**  
«Socially responsible investment (SRI) is the application of sustainable development to financial investing. In other words, it is a type of investing that accounts for factors related to Environmental, Social and Governance criteria (also known as ESG criteria) and, of course, traditional financial criteria».

\*source: French Ministry of Ecology, Sustainable Development and Energy.

### What types of issues does the chair address?

**SP.** The main research themes focus on understanding what inspires investors to gravitate toward SRI, defining and measuring what makes an investment socially responsible and the impact SRI has on investors, companies and society as a whole. By definition, these issues are multidisciplinary and combine elements of economics, psychology and sociology. They draw upon a number of fields in economic science (environmental, labour and risk economics, public economics, financial economics, etc.). The diverse and cross-cutting nature of the research carried out at TSE and the IDEI make these research centres an ideal base for developing research within the FDIR chair.

### What influence does SRI have on the financial markets at this time?

**SP.** The latest figures issued by Eurosif suggest that about **10% of the assets being managed in Europe are socially responsible.** So, SRI is shifting from being a niche market to an integrated part of the approaches used by many portfolio managers.



INSTITUT  
D'ÉCONOMIE  
INDUSTRIELLE

## UPCOMING SRI EVENTS



11-12 October 2012

> **The TSE-IDEI Conference in Toulouse on behavioural economics, the environment and SRI.** Get the programme: [confbeh2012@tse-fr.eu](mailto:confbeh2012@tse-fr.eu)



11-20 October 2012

> **SRI Week under the High Patronage of the French Ministry of Ecology, Sustainable Development and Energy.**

## FURTHER READING

### Publications

With the participation of Nicolas Treich, «Cahiers de l'évaluation n°6 : la notation extra-financière» (Valuation Journal No. 6: Extrafinancial Rating),

Cahiers de l'ILB, special FDIR Chair edition



New partnerships



Hervé Ossard, Director IDEI



INSTITUT D'ÉCONOMIE INDUSTRIELLE

The IDEI, collaborative research centre closely linked to TSE & its researchers, has recently established a series of new contracts. Hervé Ossard, Director of IDEI, shares the details with us.

A partnership has been formed with Qualcomm (USA) in the field of innovation economics, focusing on intellectual property and information technologies. This agreement complements a number of existing research partnerships with industrial actors in the "digital society" field, significantly boosting the development of the IDEI/TSE research in this area.

A new partnership has also been established with RFF (Réseau Ferré de France), the owner and manager of the railway system in France. In addition, another agreement has been met with RTE (Réseau de Transport d'électricité), the French company that manages the high-voltage and very high-voltage electricity transport network. These two companies are interested in research on network economics, long-term investment valuation and, more specifically, factoring for risk in economic decisions. Partnerships have also been signed with the following French organisations: La Banque Postale, ERDF (Électricité Réseau Distribution France), the Caisse des dépôts (Deposits and Consignments Fund) and the Autorité des Normes Comptables (Accounting standards authority).

Within our executive training activities, a project is underway with the Préfecture of the Midi-Pyrénées Region (DIRECCTE), the Toulouse Chamber of Commerce and Industry, and companies in the aerospace industry. The project focuses on currency risk management (euro-dollar) in the aerospace sector.

The IDEI is currently involved in some 40 partnerships.

[www.idei.fr](http://www.idei.fr)



Thomas-Olivier Léautier, IDEI-TSE and Jean-Yves Roure, EDF

EDF & IDEI win prize for corporate learning

A corporate training programme designed for EDF by Thomas-Olivier Léautier (TSE-IDEI researcher and IAE-UT1 professor) wins the 13<sup>th</sup> Corporate University Xchange Prize for Excellence and Innovation.

The EDF Corporate University for Management, which caters for the group's 12,000 managers, has just won the 13th Corporate University Xchange Prize for Excellence and Innovation, a global benchmark in terms of corporate learning.

Every year the Corporate University Xchange, which consists essentially of American company universities, distributes prestigious awards that are decided on by a jury of experts from global businesses, to reward the best training programmes in the fields of strategy, leadership and the development of managers and future managers.

This distinction, which was awarded in May at the University of Wharton in Philadelphia, was given in recognition of a training programme designed by and carried out by Thomas-Olivier Léautier, TSE-IDEI researcher and Professor at the Management School (IAE) of the University of Toulouse I Capitole. Professor Léautier, who is a specialist in energy economics, designed this programme for the leaders of ERDF, a subsidiary of the EDF Group. The successful programme is focused on the economics of local licensing mechanisms in the electricity distribution industry.

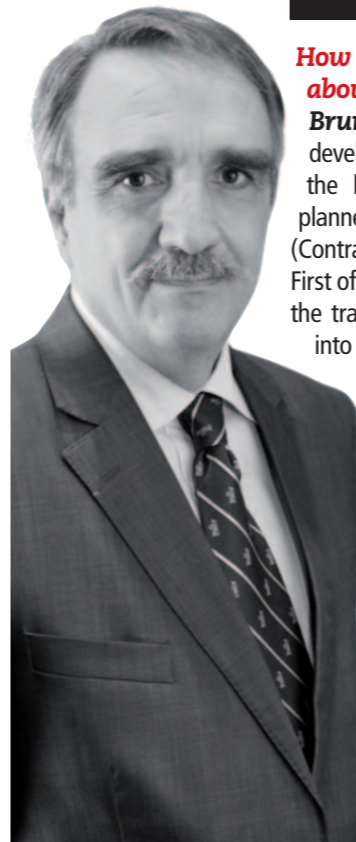


An ambitious building project

The University of Toulouse 1 Capitole, co-founder of the Jean-Jacques Laffont-TSE Foundation, is the historical home of the researchers who created Toulouse School of Economics, initially at the Arsenal Campus and from 1994 onwards at the Manufacture des Tabacs building, where TSE continues its activities today. Bruno Sire, President of UT1 Capitole, gives us the latest details on what will be the third, and very exciting, stage in the TSE building history.



INTERVIEW WITH BRUNO SIRE



Bruno SIRE, President, University of Toulouse 1 Capitole

**How did this new building project for TSE come about?**

**Bruno SIRE:** There are several milestones in the development of our university that led us to reconsider the building programme, which had originally been planned as part of the Contrat de Projet Etat-Région (Contract for Regional and State Projects, or CPER) in 2007. First of all, the creation of the TSE Foundation in 2007, then the transformation of the UT1 Economic Sciences faculty into the "École TSE" in 2011, and finally the creation of the IAST multidisciplinary research centre, funded by the national Investissements d'Avenir programme (Investments for the Future), also in 2011.

**What types of architectural constraints were you forced to deal with?**

**BS:** We chose a wonderful site in terms of its spatial location and surrounding environment. The new building needs to better tie together the Arsenal Campus' central building and the Manufacture des Tabacs buildings, as well as provide a general feeling of cohesiveness and a new entrance to our campus. We also had to respect the constraints inherent to the site itself (historically listed perimeter, waterway bordering one side, 15th century fortress wall) and enhance one of Toulouse's iconic districts (Eglise Saint-Pierre des Cuisines, one of the oldest quarters in southern France, and the Place Saint-Pierre).

**How did you choose the architects?**

**BS:** The French university autonomy act (French government, 2007) allowed us to directly hire a general contractor to construct the 11,000 m<sup>2</sup> building. We launched an international design competition and the winner was an Irish architectural firm named Grafton (Silver Lion, Venice Biennale 2012). They designed an amazing building from an architectural standpoint that fits nicely into the city and perfectly reflects a sense of international scholarship and knowledge sharing. A monument, if you will, to economics research that creates an image for our university of an open society in line with the times. The building materials selected by Grafton are a *tour de force* that is a successful reinterpretation of the region's architectural style. The building will accommodate around 400 people in the offices and project rooms, plus it provides space for meetings, dining areas, amphitheatres and reception rooms.

**Does the new building have to meet high expectations?**

**BS:** Yes, in fact it does. It will offer a work environment meeting the standards of ergonomics and comfort of the major international universities, and we all hope its dynamic and radiant atmosphere will create a stronger sense of belonging to the outstanding research and academic community that is TSE today.

[www.ut-capitole.fr](http://www.ut-capitole.fr)



## Lights up on the new director

Jean-Philippe Lesne was recently named Dean of the “École TSE”, our teaching faculty. A graduate of Polytechnique and ENSAE with a PhD in economics from TSE, since 2008 he has been senior vice-president at BVA, a market and opinion survey institute. With his extensive experience as a professor and corporate manager, Lesne is keen on educating world-class economists and statisticians who are tuned into market needs.

### INTERVIEW WITH JEAN-PHILIPPE LESNE

#### What are your plans for the school?

**Jean-Philippe Lesne.** We have to take the best of both of France’s 200 year-old systems of higher education: the *Grandes Ecoles* system and the university system.

Education and research have always gone hand in hand in the universities. That is especially true at TSE; its economics research centre is among the top 10 in the world, meaning we can

put some of the best economists in the classrooms. So, our school attracts students from all over the world, many of whom go into academic careers after their PhD.

But we also want to give the school the advantages of the *Grandes Ecoles* which are able to round off the students’ education using close relations with industry and a dynamic alumni network to give them clear careers goals. That is why we encourage any initiative that fosters links with the outside world, including internships, gap years, junior enterprise, etc. We are also creating an alumni association to create strong networks, helping our grads stay in contact. Lastly, we are building stronger ties between the school and the economics community,

for example by inviting corporate leaders and experts to come talk about their jobs.

#### And does that change anything in terms of student relations or attending TSE?

**JPL.** Yes, without a doubt. First and foremost, the school belongs to the students. They have to be an active part of their own education through, for example, feedback they can give from internships, the junior enterprise programme, or activities with the Student Association (BDE). But the ambiance at the school should maintain the benefits of the university system. There are no competitive entrance exams, instead we prefer an application-based selection process that rewards the hard work of the students during their first two undergrad years. Another advantage, welfare-wise, is the modest tuition fees we apply, on the same level as all public universities. The absence of a post-high school selection system coupled with these low tuition costs enables us to attract a very broad population of young students, including those with more difficult financial and cultural backgrounds. Through all this, we aim to uphold the academic level of excellence while continuing to fulfil our role in promoting diversity.



### KEY FIGURES

**1,500 students** in L1 and L2 (two-year preparatory programme after high school).

**150-200 students** in each TSE class year (L3-M1-M2, final year undergrad + two Masters years).

**80 nationalities** in the graduate programme.

**7 specialities in the graduate programme:** Economic theory and econometrics, Economics and Competition Law, Development economics and public policies, Economics of markets and organizations, Financial markets and intermediaries, Statistics and Econometrics, Environmental and natural resources economics.

#### But there is still a selection process?

**JPL.** Of course. It is mostly for students entering their third undergraduate year but also in the graduate programme for applicants from French or foreign universities who want to attend the school. Some people are surprised and even offended when they learn we apply a selection process within the university system. That is because they do not understand it well, or pretend not to get it... but we stand by this selection method, which is a measure of excellence and does not create hang-ups, even more so since all the students coming out of our two-year preparatory programme are offered several academic paths, mainly in economics and management.

#### Are you currently visible on the international scene?

**JPL.** We already have an extensive foreign student recruitment programme, and now we have to increase career opportunities abroad. In the longer term, we are thinking about creating dual-degree programmes with major international universities.

#### TSE won the IDEFI call for projects (Initiatives of excellence in innovative education). What changes will this bring about?

**JPL.** Let’s take two examples. We are going to introduce problem-based learning, which is already widely used in engineering sciences but not so much in our field. The professor puts the students in groups to solve a real problem related to their coursework. In the long-term, we plan to involve companies to set the problems to be solved. We are also planning to use experimental economics to teach economic concepts: «serious games» help students to become more actively involved in their own learning.



### LEARN MORE...

#### TSE AND IDEFI

- Project: «FREDD»: FoRmer les Economistes De Demain (Training the Economists of the Future)
- Budget: €7 million
- Duration: 7 years (2012-2019)

[www.ecole.tse-fr.eu](http://www.ecole.tse-fr.eu)



# Joining our ranks...

With the academic year 2012-13, TSE and IAST are proud to welcome our new faculty members:



## 2012-2013 TSE VISITING PROFESSOR

**Mike Riordan**  
 > University of Columbia  
 > Industrial economics



## JUNIOR IAST CHAIR

PhD in economics from the University of Southern California, **Mohamed Saleh** focuses on economic history, development economics and political economics.

<p><b>SENIOR TSE CHAIR</b></p>	<p><b>JUNIOR TSE CHAIR</b></p>	<p><b>JUNIOR TSE CHAIR</b></p>
<p>PhD in economics from MIT and assistant professor at the University of Chicago since 2005, <b>Thomas Chaney</b> is internationally recognised for his work in international trade economics.</p>	<p>PhD in finance from the University of Chicago, Booth School of Business, <b>Marianne Andries</b> specialises in financial asset valuation and behavioural finance.</p>	<p>PhD in economics from Northwestern University, <b>Daniel Garrett</b> specialises in theoretical economics and industrial economics.</p>



## IAST POST-DOC

**Alissa Macmillan** recently finished her PhD in religious studies at Brown University. Her research focuses on Thomas Hobbes and religion, philosophy and religion in the modern era, pragmatism, naturalism, and religious theory.



## IAST POST-DOC

**Jordanna Matlon** obtained her PhD in sociology from the University of California, Berkeley. Based on visual sociology, she studies people's livelihoods and ways of life in the urban outskirts.



## 2012-2013 IAST VISITING PROFESSORS

**Simone Sepe**  
 > University of Arizona  
 > Law



**Jörgen Weibull**  
 > Stockholm School of Economics  
 > Evolutionary economics



**Robert Barsky**  
 > University of Vanderbilt  
 > Literary theory



# And the winners are...

## "BEST ARTICLE" PRIZES IN TRANSPORT ECONOMICS

At the Kuhmo Nectar Conference of the International Transportation Economics Association (ITEA) in Berlin, 18-22 June 2012:



**Marc Ivaldi**, TSE-EHESS researcher and expert in infrastructure economics, and **Daniel Coubluco**, PhD student at TSE, received the **Best Paper Overall** award for their article «Static-Dynamic Efficiency Tradeoff in the US Rail Freight Industry: Assessment of Open Access Policy» .



**Antonio Russo**, PhD student at TSE, received the **Junior Researcher Best Paper** award for his article «Voting on Road Congestion Policy» .

## BEST JUNIOR RESEARCHER

**Augustin Landier**, TSE researcher specialising in finance, and co-winner **David Thesmar** (HEC Paris) were awarded the **Best Junior Researcher Prize** by the Institut **Louis Bachelier** and the Institut Europlace de Finance. The prize honours young researchers who have published articles in the top specialised international revues.



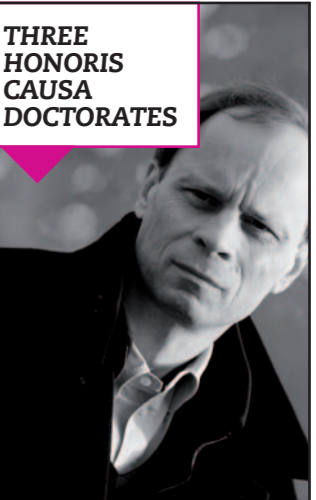
## SENIOR MEMBER OF THE IUF

**Michel Le Breton**, professor of economics and TSE researcher, was reinstated for his second five-year term as a **senior member of the Institut universitaire de France** by the French Ministry of Higher Education and Research.



## THREE HONORIS CAUSA DOCTORATES

In recent months, TSE Chairman **Jean Tirole** was awarded **three Honoris causa doctorates**, from the University of Rome 2 «Tor Vergata», the Athens University of Economics and Business, and the University of Mannheim.



## NOMINEE FOR THE TROPHÉES DES FEMMES 2012

Every year, Objectif News awards trophies to exceptional women to honour their accomplishments and dedication to their field. **Karine Van der Straeten**, CNRS researcher at the TSE-GREMAQ laboratory, was **nominated in the Female Researcher category**.



## RECIPIENT OF THE 2012 R. BARRE CHAIR

**Patrick Rey**, TSE researcher, was awarded the **Raymond Barre Chair** by the J. W. Goethe University in Frankfurt. He gave a conference entitled "General concepts and influences from Germany, France and the United Kingdom in the European Union" to the French-German Society in Frankfurt, Germany on 22 May.





Paul Seabright

# Deciphering the war of the sexes

In his book "The War of the Sexes: How Conflict and Cooperation Have Shaped Men and Women from Prehistory to the Present", TSE researcher Paul Seabright tackles the age-old issue of the war of the sexes through the lens of various research fields.

Paul Seabright shows that clashes between the sexes are, paradoxically, the product of their cooperation.

Men and women today have an unprecedented opportunity to achieve equal power and respect. But if we are to finally escape the legacy of our primate ancestors and achieve greater harmony and equality between the sexes, we first need to understand the mixed inheritance of conflict and cooperation developed in our remote evolutionary past. Drawing on biology, sociology, anthropology, and economics, Seabright shows that conflict between the sexes is, paradoxically, the product of cooperation. The evolutionary niche – the long dependent childhood – carved out by our ancestors requires the highest level of cooperative talent. But it also gives couples more to fight about. Men and women became experts at influencing one another to achieve their cooperative ends, but also became trapped in strategies of manipulation and deception in pursuit of sex and partnership. In early societies, economic conditions moved the balance of power in favour of men, as they cornered scarce resources for use in the sexual bargain. Today, conditions have changed beyond recognition, yet inequalities between men and women persist, as the brains, talents, and preferences we inherited from our ancestors struggle to deal with the unpredictable forces unleashed by the modern information economy.

"Sexonomics" is the title of the French edition of "The War of the Sexes" (Princeton UP 2012). "Sexonomics" was published in France by Editions Alma on 4 October 2012.



## REVIEWS

«From the mating habits of praying mantises to the battlefield of corporate boardrooms, Paul Seabright takes us on a fantastic journey across time and disciplines to uncover why - and how - men and women have learned to work together, and what forces still keep them apart in modern society.»

Linda Babcock, co-author of «Women Don't Ask: The High Cost of Avoiding Negotiation, and Positive Strategies for Change»

«The War of the Sexes is a delight to read. Paul Seabright launches a charm offensive on those who would prefer not to think that gender differences have any biological basis, and an intellectual offensive on those who think that these differences are large and intractable.»

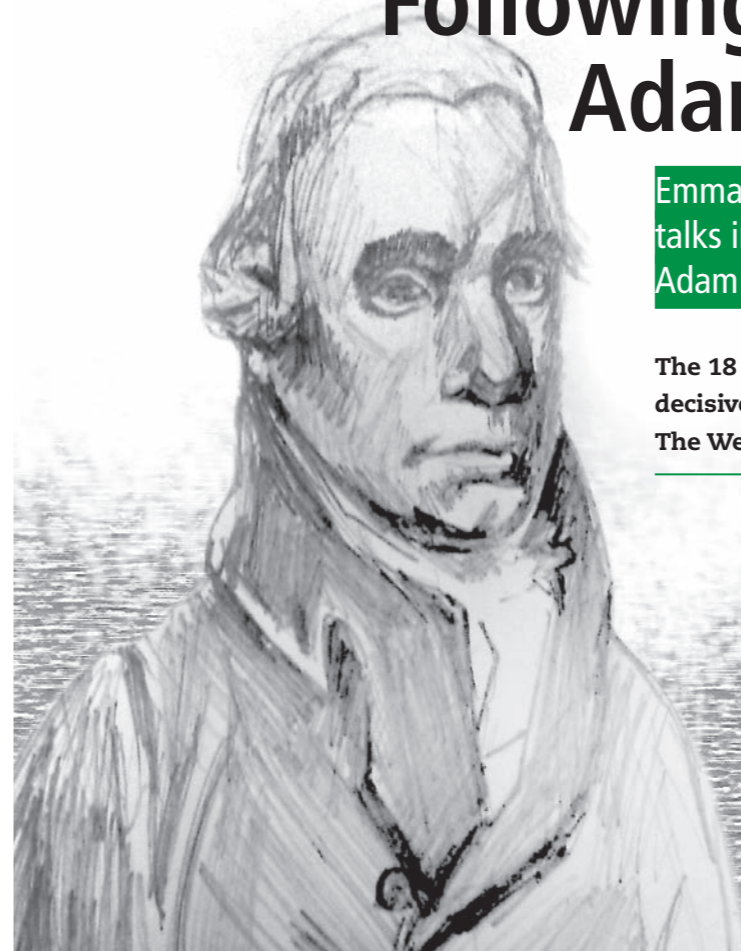
Terri Apter, author of «Working Women Don't Have Wives»

«Come on a journey from the Pleistocene to the present - a fascinating trip that uses the economic causes and consequences of our reproductive choices to explain relations between men and women through the ages.

I recommend this book to anyone interested in the battle of the sexes - it's a great read.»

Anne C. Case, Princeton University

# Following in the footsteps of Adam Smith in Toulouse



Emma Rothschild, professor of history at Harvard University, talks in her book «The Inner Life of Empires» about economist Adam Smith's ties to Toulouse.

The 18 months that Adam Smith spent in Toulouse in 1764-1765 were of decisive importance in his life, and their trace is to be found throughout The Wealth of Nations.

## THE AUTHOR



> Emma Rothschild is professor of history at Harvard University and Director of the Joint Centre for History and Economics at the University of Cambridge and Harvard.

«The Inner Life of Empires» (2011), dedicated to Adam Smith and his friends.

«I have begun to write a book in order to pass away the time» Smith wrote to David Hume, soon after he arrived, and a few weeks later, he looked to a life of «gayety and amusement.» He made friends, in particular, with three Norwegians, who later became officials and reformers of the Danish Asiatic Company.

He visited Bordeaux; he travelled on the way home with an acquaintance who was between postings in West Florida and Bombay; in Toulouse, the young «English gentlemen» organized a horse race beyond the Embouchure, which was said to have attracted 30,000 spectators.

Smith was a celebrated moral philosopher, when he arrived in Toulouse, with no more than a mild interest in economic life, as part of his study of legal history. The Wealth of Nations, which he completed ten years later, is

in many respects a profoundly French book, and it was in Toulouse, according to Smith's first biographer, that he "had an opportunity of correcting and extending his information concerning the internal policy of France." It was in Toulouse that he was able to observe, for the first time, the regulation or "police" of commerce, and it was in Bordeaux, as well as among his enterprising new friends, that he observed the long-distance commerce that is so central to The Wealth of Nations.

Economic history is a cyclical inquiry, and the past few years, like the 1890s and the 1930s, have brought an increased interest in financial history, and in the history of economic thought. This has even inspired new conversations between historians and economists. Adam Smith is far more interesting as depicted in these conversations than the abstract dogmatist of laissez-faire who loomed over so much of 20th century political economics. He was an observer of events around him, and in particular of information, risk and regulation. He was happy in Toulouse in 1764, and he is well-suited to TSE almost 250 years later.



21, allée de Brienne - 31015 Toulouse Cedex 6  
Tel: +33 (0)5 67 73 27 68 - Fax: +33(0)5 61 12 86 50

[www.tse-fr.eu](http://www.tse-fr.eu)  
[mag@tse-fr.eu](mailto:mag@tse-fr.eu)



This magazine has been funded by a French government subsidy managed by the Agence Nationale de la Recherche under the framework of the investissements d'avenir programme reference ANR-11-LABX-0052