



## Cambridge Endowment for Research in Finance

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*The form should be completed and returned in electronic form by  
**Tuesday 1 March 2016**  
 to the email address above.*

*Please note that information submitted in this form may be used on the CERF website*

<b>Project Title</b>	
Cambridge-INET Institute, Faculty of Economics	
<b>Investigators</b>	
Professor Giancarlo Corsetti (Director), Professor Coen Teulings (Co-Director)	
<b>Faculty/Department</b>	
Faculty of Economics	
Award start date: 1 <sup>st</sup> August 2012	Award End date: 31 <sup>st</sup> July 2017

### Principal award holder's contact details:


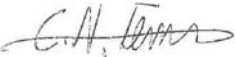
<b>Email</b>	inet@econ.cam.ac.uk
<b>Address</b>	Austin Robinson Bldg, Sidgwick Ave, Cambridge, CB3 9DD
<b>Telephone number</b>	01223 335218

## Declaration One: Conduct of the Research

*This Report is an accurate statement of the objectives, conduct, results and outputs (to date) of the research project funded by CERF.*

### Award Holder(s) Signature

NB. This must include anyone named as a co-applicant in the research proposal.

Title	Initials	Surname	Signature
Professor	G	Corsetti	
Professor	C	Teulings	
Date:	01/03/2016		


## Declaration Two: The CERF Database

*The CERF Database is a publicly available online research database, containing summary details of all CERF research projects and their associated publications and outputs.*

Please sign at *either A or B* below.


### A. Details of relevant outputs of this award have been submitted to the CERF Database and details of any ensuing outputs will be submitted in due course.

Signature of Principal Award Holder

	Date: 01/03/2016
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### B. This award has not yet produced any relevant outputs, but details of any future publications will be submitted to the CERF database as soon as they become available.

Signature of Principal Award Holder

	Date: 01/03/2016
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*Award holders should note that the end-of-award report cannot be accepted, and the final claim cannot be paid, until either CERF has received confirmation that details of relevant outputs have been submitted to the CERF Database or the award holder has declared that the award has not so far produced any relevant outputs*

## 1. Activities and Achievement Questionnaire

### Non-Technical Summary

A 1000 word (maximum) summary of the main research results, in non-technical language, should be provided below. It should cover the aims and objectives of the project, main research results and significant academic achievements, dissemination activities and potential or actual impacts on policy and practice.

#### Aim, objectives and results

The aim of the Institute is to promote fundamental and innovative research in economics, pursuing excellence in New Economic Thinking in Cambridge based on rigorous empirical and theoretical studies, concerning our understanding of the economy and the financial system.

In the context of financial contagion, market failure, persistent unemployment, rising inequality and intense pressure on government budgets, economists around the world recognize that conventional doctrines and models need to be reassessed. Cambridge economists are at the forefront of research in individual behaviour, the networks that shape economic activity, the econometric analysis of financial markets, and the transmission mechanisms which relate the financial sector to the rest of the economy. The Cambridge-INET Institute was set up with the generous financial support of INET New York in recognition of the excellence of Cambridge research in these areas, matched by the funding provided by The Keynes Fund for Applied Economics, Dr Mohammed El Erian, the Cambridge Endowment for Research in Finance, the Isaac Newton Trust and the Faculty of Economics.

The Institute, structured in four research themes, each led by two coordinators, supports innovative research through a wide range of activities: PhD studentships, postdoctoral fellowships, extended research visits by leading international economists, major conferences and workshops, summer schools, reading groups, and Seed Funding for small cutting-edge research projects leading into larger research projects.

In its initial years, the Institute achieved major advances towards all its objectives, creating a vibrant intellectual and research environment bringing together Cambridge and external faculty, post-docs and doctoral students. A key indicator is the increase in the quantity and quality of research, strengthening the international profile of Cambridge as a centre of excellence in cutting edge research in economics.

By February 2016, the Institute hosted 14 postdocs, organised over 200 events (including conferences, workshops, reading groups and seminars) and published 43 working papers. During the current academic year 15-16, Cambridge-INET has promoted 10 conferences, supporting 9 reading groups and seminars series in various themes. Indicators of the success of its conferences and seminars series is the many proposals of collaboration by academic and non-academic institutions.

Cambridge-INET has also been determinant for a successful bid for external research funds, at UK and European levels, by Cambridge Researchers. In recent years, Cambridge economics has become part of the Centre for Macroeconomics, sponsored by the ESRC, and two Horizon2020 projects, ADEMU and IBSEN. A number of new proposals are currently at various stages of completion.

#### Academic achievements, dissemination and impacts

Cambridge-INET research has achieved important advances in all the four areas of concentration.

Projects have already produced publications and submissions in leading international journals. Ongoing work is feeding an ever increasing series of working papers and journal submissions. Papers in the Cambridge-INET WPs series have already appeared in top journals, such as the Review of Economic Studies, top field journals, as well as the Journal of Public Economics, and high impact journals such as Journal of Economic Literature, discussing and defining new areas of research.

Work done under Cambridge-INET has been the basis for plenary lectures in major conferences, such as the

Schumpeter Lecture at the European Economic Association, and a plenary lecture in the 2015 World Congress of the Econometric Society.

New collaborations and projects have been developed, led by Faculty members and postdocs. Most importantly, Cambridge-INET and the Faculty have established an international intellectual leadership in key areas, such as network and markets, institutions and development; the assessment of fiscal and monetary policy, the economics of unemployment crisis and secular stagnation, financial econometrics, herding behaviour and behavioural theories of decision making. New frontier studies have recently been developed focusing on financial and exchange rate markets at high frequencies, insurance and pricing of supply chains, the economics of self-fulfilling debt crises and their stabilisation.

Researchers are also involved in scientific and policy-related debates in different forms, in collaboration with central banks and policy institutions. The Cambridge-INET director and co-directors have edited and/or promoted e-books on “Austerity” and “Secular Stagnation”, and the Eurozone crisis, and contributed to positioning papers at the ECB and the Bank of England.

High impact studies and initiatives are supported in collaboration with the Centre for Macroeconomics, sponsored by the ESRC, and two Horizon2020 projects, ADEMU and IBSEN.

Cambridge-INET has intensified its programme of public talks and debates on emerging issues in theory and policy, and started a video series, with interviews and dialogues aiming to explain in a simple and accessible manner major research topics and results, and also covers public events on contemporary issues, sponsored by Cambridge-INET.

## 2. Dissemination

A. Please outline any specific plans you have for further publication and/or other means of dissemination of the outcomes and results of the research.

The working papers series are, or soon will be, submitted to leading international journals. Some of them have already been accepted for publication in top international journals. In addition, the Institute holds conferences, workshops, seminars, reading groups, and summer schools to disseminate the findings of research.

B. Please provide names and contact details of any non-academic research users with whom the research has been discussed and/or to whom results have been disseminated.

Andy Haldane (Bank of England), [Andy.Haldane@bankofengland.co.uk](mailto:Andy.Haldane@bankofengland.co.uk), Anatole Kaletsky (Gavekal), [akaletsky@gmail.com](mailto:akaletsky@gmail.com)

## 3. Outputs

Please give full details of the outputs which should accompany this report. For each research paper, please, provide:

- a) the title
- b) an abstract
- c) web link where the paper can be downloaded
- d) bibliographical reference in case the paper is accepted for publication.
- e) details regarding conferences or seminars where the paper has been presented.

For other outputs (such as software, datasets), please, provide a description of the output and a web link through which the output can be downloaded. If a web link is not available then provide an electronic copy with this report. If the grant included arranging conferences, please complete the separate conference form as well.

Working papers: <http://www.inet.econ.cam.ac.uk/papers/working-papers>  
 Published papers: <http://www.inet.econ.cam.ac.uk/papers/published-papers>  
 Events: <http://www.inet.econ.cam.ac.uk/our-events>  
 Visitors: <http://www.inet.econ.cam.ac.uk/visitors>  
 Seed Funding: <http://www.inet.econ.cam.ac.uk/research-support/seed-fund-projects>  
 Our Postdocs: <http://www.inet.econ.cam.ac.uk/research-support/postdocs>  
 Our PhD students: <http://www.inet.econ.cam.ac.uk/research-support/phd-stu>  
 Student scholarships: <http://www.inet.econ.cam.ac.uk/research-support/student-scholarships>  
 Video Series: <http://www.inet.econ.cam.ac.uk/video-series>  
 Annual Report: <http://www.inet.econ.cam.ac.uk/about/annual-report>  
 Previous Annual reports: <http://www.inet.econ.cam.ac.uk/about/previous-annual-reports>

#### 4. Major difficulties

Please detail below any major difficulties, scientific or administrative/logistical, encountered during your research and comment on any consequent impact on the project. Further details can be included in section 11 at the end of this report, including any advice you might have for resolving such problems in future projects.

Setting up the institute has required a process of intense collaboration with Cambridge Administration, to address different issues in accounting, budgeting and organization. The process has not always been efficient. As a result of this initial investment, however, the organization and administration capacity of the Institute has been growing steadily. The Institute has developed specific competences and skills that will be strategically relevant in the new phase of its life.

#### 5. Other issues and unexpected outcomes

Please describe any outcomes of your research, beneficial or otherwise that were not expected at the outset or other issues which were important to the research, where these are not addressed above. Further details can be included in section 11 at the end of this report.

#### 6. Nominated Rapporteur

Please suggest the name of one person who would be suitable to act as an independent rapporteur for your project. Please state full address, email and telephone number.

Professor Barry Eichengreen, [eichengr@berkeley.edu](mailto:eichengr@berkeley.edu)

#### 7. Nominated User Rapporteur (Optional)

Please suggest the name of one non-academic user who would be suitable to act as an independent rapporteur for your project. Please state full address, email and telephone number.

Mr Andy Haldane, [Andy.Haldane@bankofengland.co.uk](mailto:Andy.Haldane@bankofengland.co.uk), Secretary: [Sandra.Mills@bankofengland.co.uk](mailto:Sandra.Mills@bankofengland.co.uk)

#### 8. Web Links

Please insert here any web links to relevant outputs and web pages.

Please see 3.

## **9. End-of-Award Report**

This final section can be used to provide any additional information that may be relevant.