First Annual

Princeton-LSE Conference

From Crisis to Crises: Economic Policymaking in Europe and the United States

March 19th -20th 2012

London School of Economics and Political Science

LSE Institute of Public Affairs

PRINCETON UNIVERSITY WOODROW WILSON SCHOOL of Public & International Affairs

Welcome from the Organizing Team

Welcome to the first joint Princeton and LSE conference

The topic for the conference is: *From Crisis to Crises: Economic Policymaking in Europe and the United States***.** Faced with the most significant economic crisis of the post-war era, global institutions are failing to solve the problems they were designed to prevent. Economic growth has faltered across the developed world. States face ballooning debt burdens and inhospitable capital markets that restrict their policy options, while international institutions do not seem capable of dealing with the overwhelming scale of the problems. This profound crisis has yielded a paradox: increasingly, we rely on the nation-state at a time when states' capacity to act is increasingly limited. We therefore challenge our student colleagues to address these challenges in the LSE-Princeton Conference 2012 by asking: Can the state, rather than globalized institutions, provide the answers? How must the state adapt its policy responses to these radically altered circumstances?

The 2012 conference will follow an innovative format that aims to facilitate increased dialogue between students and better incorporate policy decision making. It is our hope that this conference will inspire, inform and invigorate participants by bringing together academics, policy-makers and public policy students to discuss cutting-edge research and debate innovative solutions to the complex problems that confront policy practitioners in the 21st century.

We'd like to thank the LSE, Princeton, speakers and participants for their contribution to a successful event. We hope this conference is both enjoyable and stimulating.

Sincerely,

The Princeton and LSE Organizing Committees,

Emily Poole, Diego Aragon, Héber Delgado-Medrano, Jacob Hartog,
Daniel Cramer, Mollie Foust, Ivar van Hasselt and Linn Stabbetorp

Getting to LSE

Note: This is a tube map of zone 1 to indicate where LSE is located. Please find a full tube map at www.tfl.co.uk or at any tube station.

Tube Stations

- **Holborn** (Piccadilly and Central lines) - on the corner of Kingsway and High Holborn.
  Approximately a five minute walk
- **Temple** (District and Circle lines) - on the Embankment at the bottom of Arundel Street.
  Approximately a five minute walk
- **Charing Cross** (Jubilee, Northern and Bakerloo lines) - on the Strand at the Trafalgar Square end.
  Approximately a ten minute walk

Buses

Buses that stop on or near the Aldwych are: 1, 4, 6, 9, 11, 13, 15, 23, 26, 59, 68, X68, 76, 77a, 91, 139, 168, 171, 172, 176, 188, 243, 341 and 521.

Each bus stop should show which buses stop there and their frequency. On the front of the bus the final destination will be given. It may also show the names of the main stops on its route.

Map of LSE

h Museum
Theobald's Road
Chancery Lar
High Holborn
Holborn
High Holborn Residence
Kingsway
LSE
Chancery Lane
Fleet Str
Grosvenor House Residence
Royal Courts of Justice
Royal Opera House
Covent Garden
Aldwych
Temple
Victoria Emban
cester Sq
King's College
Somerset House
Strand
Waterl

Queens House QUE
New Academic Building NAB
LINCOLN'S INN FIELDS
50L
PORTSMOUTH STREET
SARDINIA STREET
Sardinia House SAR
Entrance to LSE Research Lab (floors 4 and 5)
PORTUGAL STREET
New Court
NCT
CAREY STREET
MAIN LIBRARY
LRB
Lionel Robbins Building
NSC
POR
LCH
SHF
KGS
SHEFFIELD STREET
LAK
COW
JOHN WATKINS PLAZA
GRANGE COURT
PAR
STC
St Clement's
Peacock Theatre
PEA
CLARE MARKET
PORTUGAL STREET
KINGSWAY
KSW
CMK
Clare Market
ANC
Tower One
TW1
Lifts and Steps
CLEMENT'S INN
OLD
Old Building
EAS
East Building
Tower Two
TW2
Tower Three
TW3
CON
Connaught House
HOUGHTON STREET
COL
Columbia House
ALD
Clement House
CLM
ALDWYCH
entrance
entrance hidden from view
disabled access
bridge

Conference Schedule: Day 1

	TIME	EVENT DESCRIPTION	LOCATION
MONDAY MARCH 19TH	8:45am-9:00am	Breakfast and Registration	NAB 1.09
	9:00am-9:45am	Opening Remarks: **Professor Robin Burgess** *"Can entrepreneurship programs transform the economic lives of the poor?"*	NAB 1.15
	10:00am-12:00pm	U.S. Housing Crisis Student Presentations	NAB 1.15
	12:00pm-1:30pm	Careers Luncheon	NAB 1.09
	1:30pm-3:30pm	EU Debt Policy Simulation (Part I)	NAB 1.15
	3:45pm-4:30pm	Debate: Imbalances in the American Political Economy	NAB 1.15
	4:45pm-6:00pm	Keynote Lecture: **Professor Francesco Caselli** *"The Political Economy of the Greek Debt Crisis: A Tale of Two Bailouts"*	NAB 1.15
	7:00pm-11:00pm	Boat Tour and Pizza (please bring 5GBP in cash!)	Temple Pier

Conference Schedule: Day 2

	Time	Event Description	Location
Tuesday March 20th	9:00am-9:45am	Breakfast	NAB 1.09
	10:00am-10:45am	Student Presentations	NAB 1.15
	11:00am-12:00pm	Lecture: **Professor Simon Hix** *"The EU Crisis and the Fiscal Compact"*	NAB 1.15
	12:10pm-1:00pm	Lunch	NAB 1.09
	1:00pm-2:00pm	Keynote Lecture: **Professor Tim Besley** *"Robust Institutions"*	NAB 1.15
	2:15pm-4:15pm	EU Debt Policy Simulation (Part II)	NAB 1.15
	5:00pm-6:00pm	Lecture: **Professor Paul de Grauwe** *"Managing the Fragility of the Eurozone"*	NAB 1.15
	6:10pm-6:30pm	Closing Remarks: Jo Underwood	NAB 1.15
	6:30pm-late	Happy Hour at the George IV	

Student Presentations

U.S. Housing Crisis
(March 19th at 10:00am -12:00pm)

"Secondary Morgtage Markets in the Developing World"
Mary Svenstrup (WWS)

"Housing Foreclosure Crisis in New Jersey"
Vanessa Ulmer and Diego Aragon (WWS)

"Principal Reduction"
Jacob Hartog (WWS)

EU Debt Policy
(March 19th at 1:30pm -2:15pm)

"Reducing Sovereign Debt"
Hileman (LSE)

"Coordination of Policy in the EMU: The Case of Spain"
David Forero (LSE)

American Political Economy
(March 19th at 3:45pm -4:30pm)

"Imbalances in the American Political Economy"
Dennis Chen (LSE)

Reply
Ashok Avar (WWS)

Credit Agencies
(March 20th at 10:00am -10:45am)

"Policy Proposals for the Reform of Credit Rating Agencies"
Anthony Lax (LSE)

Discussion
Cheryl Cooper (WWS)

Student Presentation Profiles

Diego Aragon (Princeton-MPA2)
Columbia University, 2008
Economics, BA
Field IV- Economics and Public Policy / Urban Policy and Planning

Upon completion of his BA in economics, Diego started working for the research group at the Federal Reserve Bank of New York. During his time at the Fed, his work was focused on the mortgage market; he has worked on foreclosure policy, loan modifications, government-sponsored enterprise (GSE) reform, and risk analysis of the Federal Housing Administration (FHA). Diego is interested in financial regulation and housing policy.

Ashok Ayar (Princeton-MPA2/JD)
Rice University, 2006
Mathematical Economics, BS
Field IV- Economics and Public Policy

Ashok is earning law and public policy degrees from NYU Law and Princeton University, respectively. His academic interests are in corruption, foreign investment, and economic development. His family hails from India, and currently lives in San Jose, California.

Cheryl Cooper (Princeton-MPA1)
Washington University, St Louis, 2008
Economics/Anthropology, AB
Field IV - Economics and Public Policy

Prior to studying at the Woodrow Wilson School, Cheryl worked for three years in Washington, DC on policy research relating to financial markets. For two years, Cheryl was a Research Assistant at the Federal Reserve Board, analyzing mortgage lending, credit cards, and other consumer credit markets in order to help inform consumer protection rule writing. After this position, Cheryl spent a year as a Research Associate at the Urban Institute, a social policy think tank in Washington, DC. In this role, she worked on consulting projects for the Consumer Financial Protection Bureau (CFPB) implementation staff and for the Treasury Department on projects relating to consumer protection and affordable access to financial products for low-income households.

Mary Svenstrup (Princeton-MPA2)
Northwestern University, 2005
Economics and International Studies, BA
Field IV- Economics and Public Policy

After graduating from Northwestern University, Mary worked at JPMorgan's investment bank. This experience led to a position at the International Finance Corporation, where she worked to provide financing to private companies in emerging markets, based first in Washington, DC and then in Jakarta, Indonesia. Most recently, Mary interned at the U.S. Department of the Treasury in the Office of International Affairs focusing on U.S. economic policy in the Middle East and North Africa. After graduation, Mary hopes to continue to focus on economic development, specifically access to finance and job creation in emerging markets.

Vanessa Ulmer (Princeton-MPA2)
Cornell University, 2002
Policy Analysis & Management, BS
Oxford University, 2007
Nature, Society & Environmental Policy, MSc
Field IV- Economics and Public Policy

Vanessa has a particular interest in U.S. domestic policy at the intersection of environmental, health and urban issues. From 2007 to 2010, Vanessa led health policy and advocacy initiatives for Tulane University's Prevention Research Center in New Orleans. Previously she worked in Washington, DC on international trade and development issues, as well as managed a cultural exchange program in Nicaragua.

Speaker Profiles

Tim Besley, *School Professor of Economics and Political Science*

Timothy Besley is School Professor of Economics and Political Science at the London School of Economics and Political Science (LSE). He is also a Visiting Professor at the Institute for International Economic Studies at Stockholm University. From September 2006 to August 2009, he served as an external member of the Bank of England Monetary Policy Committee. He is also the Gluskin-Granovsky Fellow in the Institutions, Organizations and Growth Program of the Canadian Institute for Advanced Research (CIFAR). Professor Besley was educated at Aylesbury Grammar School and Oxford University where he became a prize fellow of All Souls College. He taught subsequently at Princeton before being appointed Professor in the economics department at the LSE in 1995. He is a Fellow of the Econometric Society, the British Academy, and the European Economic Association. He is also a foreign honorary member of the American Economic Association and of the American Academy of Arts and Sciences. In 2010 he served as the President of the European Economic Association. Professor Besley is a past co-editor of the *American Economic Review,* and a 2005 winner of the Yrjö Jahnsson Award of the European Economics Association which is granted every other year to an economist aged under 45 who has made a significant contribution to economics in Europe. His research, which mostly has a policy focus, is mainly in the areas of Development Economics, Public Economics and Political Economy.

Robin Burgess, *Profesor of Economics; Director, International Growth Centre; Co-Director of the Programme for the Study of Economic Organisation and Public Policy*

Robin Burgess is a Professor of Economics, a Founder and Academic Director of the International Growth Centre, and a Director of the Economic Organisation and Public Policy Programme all at the London School of Economics. He was brought up in Uganda, Tanzania, Malawi, the US, the Philippines and Italy where his father worked as a doctor and his mother as a child nutritionist. He received a B.Sc. in Biological Sciences from Edinburgh University, a M.Sc. in Economics from the LSE and a PhD in Economics from Oxford University. His areas of research interest include development economics, public economics, political economy, labor economics and environmental economics. He has published on a variety of topics – natural disasters, mass media, rural banks, land reform, labor regulation, industrial policy, taxation, poverty and growth. He has been a Visiting Assistant and Associate Professor of Economics at the Massachusetts Institute of Technology, Harvard University, the National Bureau of Economic Research, Ecole Polytechnique, University College London and the University of California at Berkeley. He is Program Director of the Development Economics Program at the Centre for Economic Policy Research (CEPR), a Member of the Board of the Bureau for Research in the Economic Analysis of Development (BREAD), a Faculty Research Fellow at the National Bureau for Economic Research (NBER), a member of the Abdul Latif Jameel Poverty Action Lab (J-PAL), a Fellow of the European Development Research Development Network (EUDN), a member of the Institute for Policy Dialogue (IPR), an Associate Editor of the Economic Journal and is the Founder and Director of the Microeconomics of Growth Research Network. Before joining academia he served as a consultant economist with the World Bank, the European Bank for Reconstruction and Development, and the Government of India.

Francesco Caselli, Professor of Economics

Francesco Caselli is a professor at the London School of Economics and the Director of the Macroeconomics Program at LSE's Centre for Economic Performance (CEP). In 2009-10 he is Banco de España Visiting Professor at CREI, one of the Barcelona GSE's founding academic institutions. He is also Faculty Research Fellow at the National Bureau of Economic Research (NBER) and has also been Research Affiliate of the Center for Economic Policy Research (CEPR). He has taught Economics at Harvard and the University of Chicago's Graduate School of Business, and has also been a visitor at several institutions including Yale, London Business School, the Institute for International Economic Studies, and the Federal Reserve Banks of Boston and Minneapolis.

Paul de Grauwe, *John Paulson Chair in European Political Economy*

Prior to joining LSE, Paul De Grauwe was Professor of International Economics at the University of Leuven, Belgium. He was a member of the Belgian parliament from 1991 to 2003. He is honorary doctor of the University of Sankt Gallen (Switzerland), of the University of Turku (Finland), and the University of Genoa. He obtained his PhD from the Johns Hopkins University in 1974. He was a visiting professor at various universities- the University of Paris, the University of Michigan, the University of Pennsylvania, Humboldt University Berlin, the Université Libre de Bruxelles, the Université Catholique de Louvain, the University of Amsterdam, the University of Milan, Tilburg University, the University of Kiel. He was also a visiting scholar at the IMF, the Board of Governors of the Federal Reserve, the Bank of Japan and the European Central Bank.

He was a member of the Group of Economic Policy Analysis, advising President Barroso. He is also director of the money, macro and international finance research network of CESifo, University of Munich. He is a research fellow at the Centre for European Policy Studies in Brussels.

His research interests are international monetary relations, monetary integration, theory and empirical analysis of the foreign-exchange markets, and open-economy macroeconomics. His published books include "The Economics of Monetary Union", Oxford, which was translated in ten languages (including Spanish, French, Italian, Chinese and Japanese), and is now in its eight edition. Other books are "International Money. Post-war Trends and Theories", Oxford, and "The exchange rate in a behavioural finance framework", Princeton, 2006.

Professor Simon Hix, *Professor of European and Comparative Politics*

Simon Hix joined the LSE in 1997 and was promoted to Professor in 2004. Simon took his undergraduate and masters degrees at the LSE and his PhD at the European University Institute, in Florence. He is Director of the Political Science and Political Economy Group at the LSE and is the co-editor of the journal *European Union Politics*. He has held visiting appointments at several top universities, including Stanford, Berkeley, UC San Diego, Sciences-Po in Paris, the Hertie School of Governance in Berlin, the College of Europe in Bruges, and Korean Institute for International Economic Policy in Seoul. Simon has extensive consultancy experience, including for the UK Cabinet Office and Foreign and Commonwealth Office, the European Parliament, the European Commission, the European Policy Centre, the Asian Development Bank, and has given evidence to the European affairs committees in the House of Lords and House of Commons. He has written several books on EU and comparative politics, including most recently "What's Wrong With the EU and How to Fix It" (Polity, 2008). In 2008 he won the prestigious Fenno Prize from the American Political Science Association for his book (co-authored with Abdul Noury and Gerard Roland)

"Democratic Politics in the European Parliament" (Cambridge, 2007), in 2005 he won the Longley Prize of the American Political Science Association for the best article on representation and electoral systems, and in 2004 he won a Fulbright Distinguished Scholar Award.

Other Events

EU Debt Policy Simulation

A major aspect of the Princeton-LSE conference is the policy simulation. This year, the topic will be "Fixing Greece: Incentives of Stakeholders in Helping Greece". All participants will be placed into groups representing a particular euro area country or monetary institution (see the list below). The first day, participants will formulate their policies and start the negotiation process. The second day opens with a plenary where representatives will present their policy proposal(s) to the group. Negotiations will follow and the packages of policy proposals that look like they have the most consensus will be put to a final vote.

Please find your group in the list below:
Germany: Mary Svenstrup, Menan Omar, Maximilian Volmer

France: Anthony Lax, Joel Suss, Dana Zilberman, Caroline Kippler

Netherlands: Logan Clark, Raktim Roy, Kimberley Moran, Marius Skuodis,

Italy: Jacob Hartog, Yizhi Mao, Julia Kropeit, Matthew Oxenford

Spain: David Ferrero, Edward Reynolds , Rony Hacohen,

Portugal: Vanessa Ulmer, Niels Kriegghoff, Salamat Ali, Joachim Wilcke

ECB: George Gardner, Garrick Hileman, Julius Wersig, Madeleine Lee

Fed: Diego Aragon, Richard Reynolds, Jung-A Lee,

BoE: Ashok Ayyar, Ganga Shredhar, Dominic Muir, Elizabeth Degadillo

IMF: Cheryl Cooper, Dennis Shen, Rebecca Mann, Kenryo Mizutani

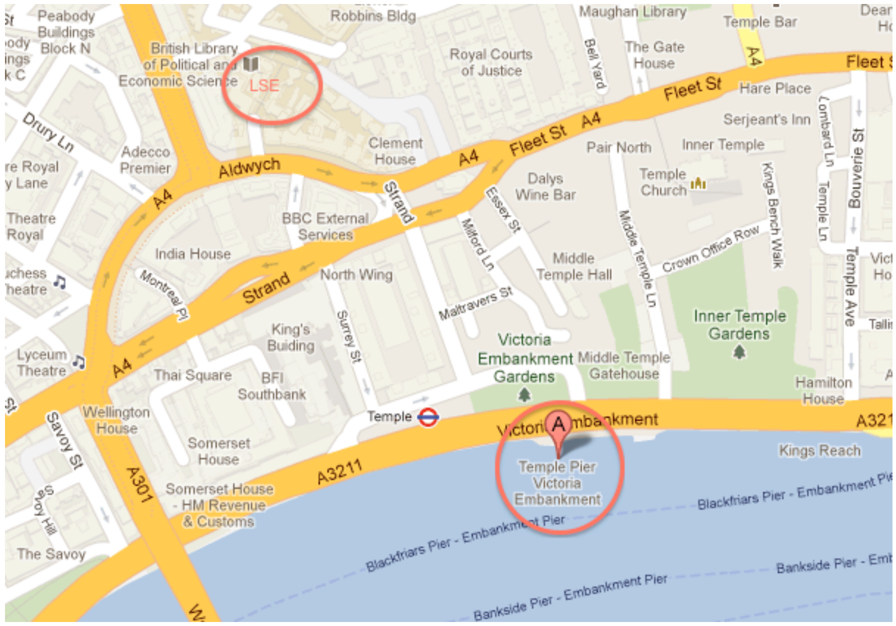
Career Luncheon

Understanding that many of you are looking for jobs, internships, or just advice from people with relevant experience, we've organized a careers luncheon on Monday afternoon. Come prepared to discuss your future plans with those that are interested in similar paths.

Boat Ride on the Thames

Monday night we will be touring London on the Thames. The boat leaves from Temple Pier at **7:00pm sharp,** so be careful to be on time! Pizza will be provided and drinks can be bought with cash. All participants, presenters, and MPA students are invited to join.

Time: 7:00pm-11:00pm
Location: Temple Pier
Cost: 5GBP per person



Helpful Additions

What is an Oyster Card? What can I use it on?
Oyster Cards are the public transit cards that provide access to the Tube and the bus. You do not need one, as you can also purchase a daily/weekly pass, but rides are ignificantly chaper by using an oyster card.

How do I exchange dollars for pounds?
Exchanges are everywhere an it is easiest to have cash, as the UK chip-debit card system is not always compatable with the American swipe cards. Shop around for the best exchange rate. Keep in mind that ATMs are free in the UK but your home bank may change an exchange fee for every withdrawl.

What are the best things to see in London?
The royal route is very nice, walking from campus to Trafalgar Square, down St. James' Park, Buckingham Palace, Westminster Abbey, and Parliament. Hyde Park and Hamsted Heath are beautiful and show off London's natural beauty. Markets are a MUST (Camden market, Spittalfields Market, etc.) to get the full experience. All museums are free, and the Tate Modern (art) and British Museum (holds the Rosetta Stone, huge egyptian and ancient exhibits, etc.) are close to campus and fantastic.

Can I use my cell phone?
Most smart phones will work on wireless networks, though London's wireles network is not free. The American phone network is not compatable with the UK network, but if you call ahead to your phone provider, they can place you on an international plan.

Does LSE provide free wireless?
Yes, wireless log-in information will be provided during registration on Monday.