



THE CENTRE FOR ECONOMIC POLICY RESEARCH

excellence
impact
influence

“CEPR has increasingly played a role in European research by bringing together economists of different countries, inspiring the choice of issues and promoting contacts between research people and policy-makers”

Tommaso Padoa-Schioppa

Minister of Finance and the Economy, Italy
and formerly Member of the Executive Board, European Central Bank

“The premier centre of policy-oriented research in Europe, perhaps even in the world”

Stanley Fischer, Governor, Bank of Israel and formerly Vice-Chairman, CitiGroup Inc. and First Deputy Managing Director of the IMF



The Centre for Economic Policy Research

The Centre for Economic Policy Research (CEPR) is a network of 725 economists, based in universities in Europe and elsewhere. Traditional think tanks typically have in-house research staff and take institutional policy positions. Twenty-five years ago, CEPR adopted a radically different approach, building instead Europe's first large scale research network. CEPR does not employ researchers directly, but instead appoints as Fellows and Affiliates the leading economists in Europe and beyond, who remain in their home institutions (237 institutions in 28 countries). CEPR takes no institutional positions of its own. Rather than defining a 'top down', centralized research agenda, CEPR works in an entrepreneurial way with its research network, and the consumers and sponsors of research, to define new initiatives.

Through our administrative headquarters in London, we secure and manage funding for our researchers' projects and disseminate the results of the research to decision-makers in the public and private sectors. We obtain funding from grant-making bodies (such as the European Commission and the European Science Foundation), private foundations, corporate and public sector members of the Centre, and publication sales.

CEPR's mission is straightforward: to promote research excellence and policy relevance in European economics. For over two decades CEPR has played a key role in strengthening the scientific quality of economic research in Europe, helping European economists 'close the gap' with the United States. In

addition, CEPR has played a key role in enhancing the quality of European policy-making, by encouraging the best economists to participate in policy debates and ensuring that these debates are informed by the highest quality research.

Because the Centre's research agenda arises out of highly decentralized initiatives, it is diverse and constantly evolving. Some themes have, however, remained at the core of the CEPR's activities over the past two decades:

• *The Global Economy*

- *International macroeconomics* – exchange rates, financial crises
- *The world trading system* – the Doha Round, regionalism versus multilateralism

• *European Integration*

- *The Single Market* – economic nationalism in Europe, EU competition policy, state aids
- *EMU* – monetary and fiscal policy in Europe, business cycles in the euro area
- *EU enlargement* – adoption of the Euro, coping with capital inflows, reforming banking and financial regulation
- *Economic transition* – institutional reforms, the optimal monetary and fiscal policy mix, economic integration with the EU
- *European institutions* – voting in the European Council, the EU Constitution, flexible integration

“Perhaps more than any other institution, CEPR has contributed to the creation of a ‘single market’ for economics research in Europe. Thanks to CEPR, Europe is becoming a more lively and competitive place for the economics profession. Far from evolving into a ‘fortress’, it is also developing more intensive and challenging links with the economics profession in America – more recently in Eastern Europe as well.”

Mario Monti, President of Università L Bocconi, Milan, and formerly EU Competition Commissioner



Research Excellence

CEPR's rigorous standards for appointing Fellows and Affiliates provide a strong signal to European economists that publication in international peer-reviewed journals is the best test of research quality. The Centre's emphasis on scientific quality continues after appointment: each researcher's publications are reviewed on a regular basis. The Directors of each of the Centre's Programme Areas, all leaders in their fields, play a key role in ensuring the high quality of the Centre's workshops, conferences and publications. The Centre's Research Director, Mathias Dewatripont, is responsible for ensuring overall quality of the CEPR's research activities, working closely with the Programme Directors.

Research by the Centre's Fellows and Affiliates appears in the first instance in the CEPR Discussion Paper Series: with almost 700 Papers published annually, this is the second largest series in the world. The CEPR series has a significant scientific impact. In a recent analysis by REPEC of citations of working papers, CEPR ranked second, after the National Bureau of Economic Research (NBER) in the US. In a another recent analysis of journal citations of the leading non-university institutions, CEPR ranked fourth in economics, trailing only NBER, the Federal Reserve, the World Bank and the IMF. In addition the CEPR series ranks third in REPEC's list of download requests, after NBER and the *American Economic Review*.

The Centre's commitment to research excellence is also evident in the recipients of scientific honors in Europe. The Yrjö Jahnsson prize, for example, is awarded to the young European economist who has made an outstanding contribution in theoretical and applied research that is significant to economics in Europe. All winners of the prize have been CEPR Research Fellows. The Bernácer Prize is awarded annually to European economists under the age of 40 who have made outstanding contributions in the fields of macroeconomics and finance. All winners of this prize have been CEPR Research Fellows as well.

Researchers need suitable institutional environments within which to carry out their research, and CEPR has played a vital role in the establishment of some of Europe's leading centres of research excellence. The Centre helped establish the Innocenzo Gasparini Institute for Economic Research (IGIER) at the Università L Bocconi in Milan. IGIER has played a key role in helping to reverse the brain drain to the United States, attracting back Italians who had gone to the US for their PhD. CEPR played the same role in establishing research centres in Brussels (ECARES) and in Moscow (CEFIR). The Centre for Economic and Financial Research grew out of an earlier initiative based at the EU-funded Russian European Centre for Economic Policy (RECEP), led by Erik Berglöf, now Chief Economist at the EBRD.



“A unique contribution to the application of serious empirical research to economic policy debates in Europe”

Mervyn King, Governor, Bank of England



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Impact and influence

CEPR is also committed to enhancing the quality of European policy-making, by encouraging the best economists to participate in policy debates and ensuring that these debates are informed by serious research. CEPR works hard to disseminate the results of its research to a wide audience, which goes well beyond the academic and policy communities to include the key elements of civil society, in particular the media, non-governmental organizations, and the informed public.

The Centre has played an influential role in European and global policy debates. In 2006 the European Union recognised CEPR's important contribution to the European policy discourse through an award under its programme of "Support for bodies working in the field of active European citizenship". This prestigious award has just been renewed for 2007.

The Centre's close relationship with central banks, both in Europe and around the world, is also an important factor in its impact on policy. The Centre's President, Richard Portes, is responsible for its relationships with central banks. CEPR receives financial support from all of the Eurosystem central banks, as well as from the Bank of England, the Sveriges Riksbank, the Danish Central Bank and 17 other central banks around the world. The Centre also collaborates actively with researchers and analysts from these central banks. Since 2000 the Centre has, for example, held 9 conferences with the Bank of Finland; 10 with the Banca d'Italia; 6 with the Banco de España, and 3 each with the Bank of Greece, the Oesterreichische Nationalbank and the Banque Nationale de Belgique. The European Summer Symposium in Financial Markets is held annually at Gerzensee, the study centre of the Swiss National Bank. We have also held joint meetings during this period with the Deutsche Bundesbank, the Banque de France, the Bank of Israel, De Nederlandsche Bank, the Hong Kong Institute of Monetary Research, Norges Bank, the BIS and the Reserve Bank of South Africa.

The private sector also plays a key role in supporting CEPR: 33 financial sector institutions provide ongoing support for the Centre's activities,

including Goldman Sachs, Credit Suisse, Barclays Capital, BNP Paribas, UBS and Lloyds TSB. They often host the Centre's workshops, conferences and public discussion meetings, and private sector practitioners from these banks play a leading role on the Centre's Board of Trustees.

The Centre's close relationships with the central banks, the European Commission and the private sector have enabled it to make important contributions to policy debates on issues that include:

Central Bank Independence: The 1993 Report, *Independent and Accountable: A New Mandate for the Bank of England*, argued that the UK needed a new monetary policy framework: the Bank should be freed to set monetary policy independently of the Treasury, and the Bank should pursue only one objective, price stability. The CEPR Report contributed substantially to the subsequent policy debate, and the monetary policy framework adopted in 1997 by the incoming Labour Government was essentially identical to that proposed in the Report.

Financial Crises: The Mexican Crisis of 1994/5 stimulated a wide range of proposals for dealing with sovereign debt crises. CEPR's 1995 Report *Crisis? What Crisis? Orderly Workouts for Sovereign Debtors* highlighted the problems with each, including the idea of an international bankruptcy court. The Report's key policy prescription, collective action clauses in sovereign bonds, was finally the major concrete outcome of the 'international financial architecture' debate.

Transition and EU Accession: The Centre played a particularly important role in the debate on economic transition and EU accession in Central and Eastern Europe. CEPR launched a wide ranging programme of research on transition, focusing in particular on Central and Eastern Europe, and its Reports proved particularly influential in shaping the Union's policies toward these countries. The first Report, *Economic Transformation in Central Europe: A Progress Report*, coordinated by Richard Portes, was published



jointly with the Commission of the European Communities in May 1993. A year later, the Centre published Richard Baldwin's *Towards an Integrated Europe*, which set out a framework for thinking about the pattern of European trade arrangements, and on this basis assessed alternative paths towards economic and political integration of the whole continent.

Flexible Integration: The transition to democracy and market economies in Central and Eastern Europe created a set of difficult challenges for the EU. There were also radically different views among member states on the appropriate scope and depth of integration. The 1995 *Monitoring European Integration (MEI) Report*, *Flexible Integration: Towards a More Effective and Democratic Europe* advocated a set of far reaching economic, political and legal reforms to meet these challenges. The Report introduced into the European debate the concept of 'Flexible Integration', which has over time been adopted as the most practical way of allowing the Union to move forward with new and more ambitious policy initiatives, even when these do not command unanimous or even majority support.

The Transition to EMU: The Maastricht Treaty made no provision for the final run up to EMU during 1998. The Centre's 1997 MEI Report, entitled *EMU: Getting the Endgame Right* recommended announcing bilateral conversion rates between the 'Ins' immediately on the basis of existing central parities in the ERM. This strategy was not only robust to speculative attack, but also most likely to deliver appropriate initial competitiveness levels in EMU. At a meeting in Paris in December 1997, the Deputy Governor of the Banque de France publicly thanked CEPR's Director for the Report, which he confirmed was the basis for the 1998 transition strategy ultimately adopted by the European Finance Ministers and Central Bank Governors.

The EU Constitution: The Centre's series of MEI Reports have gone well beyond the usual economic policy issues to address questions of the design and functioning of the EU itself. The 2001 MEI Report, *Nice Try: Should the*

Treaty of Nice be Ratified? demonstrated that the Treaty failed to meet its goal of adjusting EU decision-making to the realities of an enlarged Union. The 2001 Report proved prescient: the flow of new EU legislation has indeed fallen sharply since the Treaty was ratified, and now the EU is reforming the flawed Nice Treaty.

Joining the Euro: In the run up to euro adoption, prospective new entrants to EMU in Central and Eastern Europe must implement an exchange rate regime consistent with greatly increased capital inflows, select appropriate macroeconomic and financial policies so as to avoid financial instability, and adapt the regulation of their banking and financial systems to contain these risks. The Centre's 2003 Report on *Sustainable Regimes of Capital Movements in Accession Countries* proposed ways in which the accession countries might negotiate the tricky path to full global financial integration and monetary union. The Report synthesized a series of studies carried out by CEPR at the request of the Commission's Directorate General for Economic and Financial Affairs.

Bond Market Transparency in Europe: In 2005 a group of major financial sector stakeholders commissioned CEPR to undertake two independent studies on the corporate and government bond markets in Europe. The research was intended to inform these organisations' input into the European Commission's review of non-equity market transparency, required by MiFID (Markets in Financial Instruments Directive) and due to be completed by November 2007. The two Reports were launched in May 2006 and then discussed with market practitioners and policy-makers in a series of meetings across Europe. Richard Portes, President of CEPR, played a key role in the preparation and launch of the Reports, which received extensive media coverage, notably in Bloomberg, Dow Jones Newswires, Euromoney, the Financial Times, Reuters and The Times. The Financial Services Authority, among others, has explicitly adopted the major results and conclusions of the CEPR reports.

“Economic Policy has clearly established itself as an excellent source for timely, accessible and relevant economic analysis of high quality.”

Jacob Frenkel, Chairman, American International Group

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Outreach

CEPR's outreach takes place through an active and highly innovative dissemination programme, involving web- and print-based publications, public discussion meetings, conferences and workshops, and press briefings. Richard Baldwin, the Centre's Policy Director, is responsible for CEPR's policy outreach and dissemination.

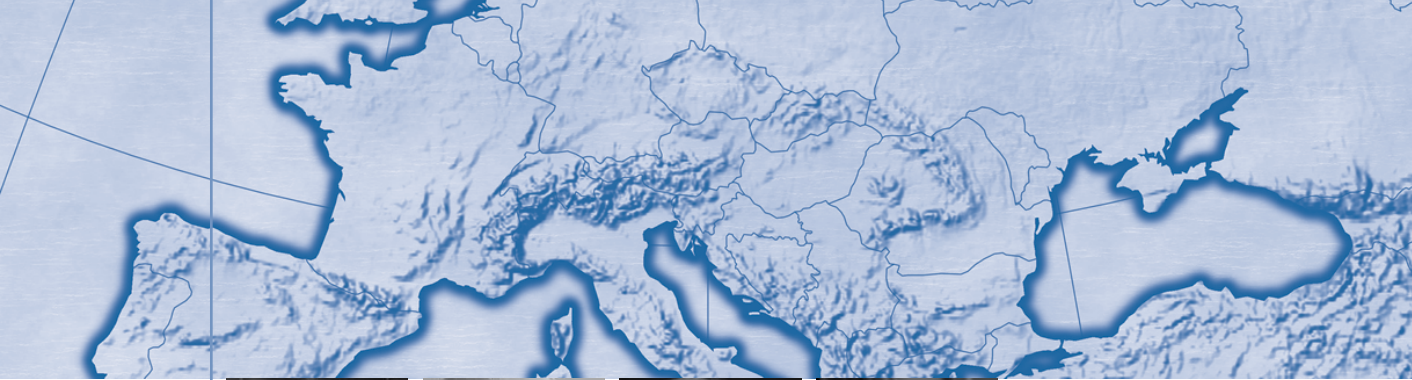
CEPR holds public discussion meetings, press and corporate briefings, in Berlin, Brussels, London, Paris and other key European cities. These meetings offer an opportunity for CEPR researchers to present the results of their research to a high level audience drawn from both government and civil society. The Centre has held over 600 public discussion meetings across Europe since 1984.

In 2005, *Economic Policy* celebrated 20 years at the forefront of economic policy debate. *Economic Policy*, founded by CEPR in 1985, has earned a reputation around the world for publishing the best, cutting-edge analyses of a wide-range of key economic issues as they emerge. It is consistently ranked amongst the top economics journals in the world: the Social Sciences Citation Index ranks *Economic Policy* 7th out of 169 journals, with an impact factor of 2.25. *Economic Policy* has published some of the most widely cited studies – on financial crises, deregulation, unions, the Euro and other pressing international topics. Articles in *Economic Policy* are specifically commissioned from leading professional economists all over the world. Their brief is to illuminate topical policy issues by combining the insights of modern economics with the best available evidence. The presentation is incisive and written

in plain language accessible to a wide range of participants in the policy debate. Each paper is discussed by a panel of distinguished economists. This unique approach guarantees incisive debate and alternative interpretations of the evidence.

The Centre also produces a wide range of publications, available both on the web and in print. The Centre's series of Policy Reports, launched in the early 1990s, were an important innovation in the European policy debate. The first series, *Monitoring European Integration*, was influential in framing the debate on European integration. The Centre followed this with its series on *Monitoring the European Central Bank*, which examines the policies of the ECB. The *CEPR Bulletin* features non-technical accounts of the month's most relevant and accessible Discussion Papers. Earlier this year CEPR launched a new web-based publication, *Policy Insights*: serious, tightly argued policy essays, typically 5-10 pages in length and written at a level higher than newspaper columns.

Vox (www.voxeu.org) is the Centre's latest innovation, launched in June 2007. *Vox* is a 'policy portal' that serves as a platform for the analysis and discussion of key European and global policy issues by leading European economists. The primary audience is economists and users of economic research in governments, international organizations, academia and the private sector as well as journalists and commentators specializing in economics, finance and business. *Vox* is already the leading web-based portal for economic policy issues.



Guillermo de la Dehesa



Richard Portes



Richard Baldwin



Mathias Dewatripont

Leadership

Guillermo de la Dehesa is Chair of CEPR and a Non-Executive Director of the Santander Group. He is also Vice-Chairman of Goldman Sachs Europe and a member of the Group of Thirty. He is responsible for the Centre's relationships with the private sector, and for the work of the CEPR Trustees in overseeing the Centre's operations and finances. Formerly a deputy governor of the International Monetary Fund and the World Bank, a deputy general manager of the Bank of Spain, Secretary of State for the Economy (Spain), and Secretary General of Commerce (Spain), he has also been Chief Executive Officer of Banco Pastor and Independent Director of AVIVA plc. He has published widely on economic issues, including *Winners and Losers in Globalization*.

Richard Portes is Professor of Economics at London Business School, and Founder and President of the Centre for Economic Policy Research. He is responsible for the Centre's relationships with central banks. He is also Directeur d'Etudes at the Ecole des Hautes Etudes en Sciences Sociales and Secretary-General of the Royal Economic Society. He is a member of the Group of Economic Policy Advisers to the President of the European Commission, of the Steering Committee of the Euro50 Group, and of the Bellagio Group on the International Economy. He has written extensively on globalisation, sovereign borrowing and debt, European monetary issues, European financial markets, international capital flows, and centrally planned economies and transition.

Richard Baldwin is Professor of International Economics at the Graduate Institute, Geneva, and Policy Director of CEPR. He is responsible for the Centre's relationships with the policy community, and for CEPR's outreach and dissemination activities, in particular *Vox*. He was Co-managing Editor of the journal *Economic Policy* from 2000 to 2005. He has acted as an advisor to the European Commission, OECD, the World Bank, EFTA, USAID and UNCTAD. His research interests include international trade, globalisation, regionalism and European integration.

Mathias Dewatripont, the Centre's Research Director, is Professor of Economics at the Université Libre de Bruxelles, and Visiting Professor of Economics at the Massachusetts Institute of Technology. He is responsible for ensuring the scientific quality of the Centre's research activities. He received his PhD from Harvard University. In 2005, he was President of the European Economic Association, and he is a founding member of the Scientific Council of the new European Research Council. In 1998 he received the Prix Francqui, awarded annually to the most distinguished young scientist in Belgium. In 2003 he was awarded the Yrjö Jahnsson prize, awarded to a young European economist for an outstanding contribution to economic research. His research interests include: the theory of organizations, with application to universities; incentives and multitasking; and market- and firm-level determinants of productivity improvements and innovation.

“CEPR has made an important contribution to the international policy debate in recent years... This role will be even more important over the next decade.”

Lawrence H. Summers, formerly Secretary of the US Treasury

“CEPR provides one of the few windows through which non-specialists can view the world of academic economics.”

Gavyn Davies, Chairman, Fulcrum Asset Management and formerly Chief International Economist, Goldman Sachs

“CEPR did change my life and the profession in Europe and elsewhere. It has allowed policy-oriented economists to meet, think and talk to policy-makers. One result is a new and lively brand of European macro, distinct from its US brethren ... And I know for sure that policy-making has been influenced by CEPR in some important instances. Now some of my best early CEPR colleagues are top policy-makers all over Europe, and still my colleagues.”

Charles Wyplosz, Professor of International Economics at the Graduate Institute of International Studies in Geneva, and formerly Advisor to the Government of the Russian Federation.

“CEPR research has helped to form our view of international economics in many respects... CEPR has developed into a truly European institution... It deserves full support – financially and intellectually – not only from the public, but also from the private sector.”

Jürgen Pfister, Chief Economist and Head of Investment Research, Bayerische Landesbank

“...rigour with topicality, a high research standard with policy relevance: CEPR has succeeded in achieving this combination ...”

Luigi Spaventa, Chairman, Supervisory Board of MTS, and formerly Chairman of the Commissione Nazionale per le Società e la Borsa (CONSOB) in Italy

“Its work has covered all of the major issues of the decade... I have been closely involved in all of these areas of policy and I know from personal experience how helpful it can be to have the latest economic research as a weapon in one’s armoury.”

Lord Leon Brittan, Vice-Chairman, UBS, and formerly Vice-President of the European Commission

“Knowing the high quality of the CEPR network, I have no doubt that Vox will be of the greatest interest to all those concerned with the analysis of policies relevant to economists. Influential people who need top quality insights from high calibre economists on the main day-to-day economic, financial and monetary issues will certainly visit the Vox site frequently.”

Edmond Alphandéry, chairman of the Euro50 Group, supervisory board chairman of the Caisse Nationale de Prévoyance, and former French finance minister

“Vox is a powerful and modern voice on policy relevant economics.”

Leszek Balcerowicz, former Deputy Prime Minister, Finance Minister and Chairman of the National Bank of Poland

“Vox helps to bridge the gap between economic policy and economic research. Vox provides a platform that brings together renowned academic economists who provide us, in a very accessible and non-technical way, with their insights on major challenges facing European economic policy makers today. It will be a focal point for European discussion and analysis of policy relevant economics.”

Henk Brouwer, Executive Director, De Nederlandsche Bank

“Viva Vox. Vox is a wonderful innovation as a platform that allows sound economics by CEPR economists to reach a general public as well as fellow economists. The authors are first-rate, articles are relevant to policy but well grounded in economics. Vox economists, vox dei.”

Takatoshi Ito, Professor of Economics, University of Tokyo, member of the Council on Economic and Fiscal Policy within the Japanese Cabinet Office

“I used to complain that Europe had no institution to do what the National Bureau and Brookings do in North America; provide a channel for the best academic economists to talk seriously about economic policy, to financial people, business executives, civil servants, and not least, each other. CEPR has filled that gap beautifully ... Its work is now indispensable on both sides of the Atlantic.”

Robert Solow, Emeritus Professor, Massachusetts Institute of Technology and Nobel laureate

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