

Remarks in Honour of Richard Blundell

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Ladies and Gentleman.

It is both a pleasure and honour to be here today and to have the opportunity to make some remarks about this year's recipient of this prestigious prize – Richard Blundell. Without doubt, he is one the world's leading applied economists. It is a particular pleasure on a personal level to be here. I have known Richard for getting on for 25 years and have long admired his achievements as an economist. Given that we are both based in London and interact through the Institute for Fiscal Studies (IFS), I have had many opportunities to see these up close.

Richard studied for his first degree at the University of Bristol and subsequently took a masters degree at the LSE. In contrast to a typical German professor who, as far as I can tell, must hold multiple doctorates, Richard didn't even stop to study for a PhD. In fact, he became a faculty member at the University of Manchester at the tender age of 23. He moved from there to UCL where he now holds the Ricardo chair in Political Economy at UCL. He is also Research Director of the hugely successful and influential IFS.

Richard is a perfect example of an all-round applied economist. His empirical work is driven by issues and often has a strong policy focus. Many of his contributions explore how frontier level econometric methods can be put to work in studying applied problems. And his work is always grounded in and motivated by economic theory. There are very people in the economics profession who have this breadth of skills. And Richard has never wavered from the view that applied economics needs to bring theory and data together, in spite of the professional fashions that have caused gyrations on this in recent years.

I am proud to say that Richard and I share a common heritage, having been influenced early in our careers by the late great Terence (W.M.) Gorman. Terence was one of the most formidable applied economists of his generation and did much ground-breaking work in consumer theory. Richard, I believe, first came under Terence's spell when he was a student at the LSE. And I first met Richard at a conference organized by Terence at Nuffield College in Oxford when I was still a PhD student. Richard is just the sort of applied economist that Terence admired. And it is worth mentioning that Richard founded the Gorman lectures at UCL in Terence's honour.

Turning to Richard's work, I will begin by taking a look at the data available from his CV. It offers an immediate insight into Richard's contributions -- his breadth and exceptional productivity. He has edited 9 books. I counted more than 170 published papers. And, of these, more than 20 are published in the most prestigious economics journals. If anything, the trend in his research productivity is upward. And many of his papers are influential as evidenced from their high citation counts.

Richard's track record of citizenship in the profession is exemplary. He has been President of the European Economic Association and the Econometric Society, and is the current President of the Royal Economic Society. He has been the recipient of numerous honours and prizes including the Frisch medal and the Yrjo Jahnsson award. He has also been an editor of a number of leading journals including *Econometrica*.

Almost all of Richard's work uses micro-data sets. The availability of such data and the way that it has been brought into economic analysis is one of the crowning achievements of the past thirty or so years in economics. And Richard has been at the forefront of this throughout this period. I shall mention briefly only a few aspects of this research to give you a sense of some of the themes.

His work on micro-data includes his work on demand estimation and on determinants of labour supply. His early work, which I still recall reading as a PhD student, is on bringing dynamics into demand analysis - the preceding models were almost all static. This included work on demand for durables and putting demographics into demand systems. Richard also did some of the earliest research which put together studies of consumer demand with labour supply. This body of work first brought Richard into contact with the UK Family Expenditure Survey, a rich consumption survey, on which he has subsequently written many papers.

One of the big areas of progress in studying labour supply has been to appreciate the need to study not only the decision whether to work for a larger or smaller number of hours, but the decision to participate at all. As I am sure you will hear in his lectures, this is now appreciated to be absolutely crucial to policy analyses of tax and benefit policy. We now know that these decisions vary a great deal across different groups over the life cycle and depending on family circumstances. Building on early work by Jim Heckman, Richard has made a number of significant contributions in this area. Among his early work was a hugely influential paper with Richard Smith on testing for endogeneity. By the mid 1980's Richard had written a number of papers on this and, after he joined IFS, he made this a centrepiece of the Institute's work program. Ever since, he has consistently pushed the need to build a framework for studying policies which has influenced policy debates on policy reforms in the U.K.. This has grown in sophistication over time, for example the

work now looks at semi-parametric and non-parametric approaches. And this has led to a fruitful collaboration with Jim Powell from Berkeley.

Richard's paper with Costas Meghir and Alan Duncan found novel ways to estimate the effect of tax reforms in the U.K. on labour supply and was awarded the Frisch medal of the Econometric Society.

In addition to his work on household behaviour Richard has worked on a number of papers which use micro-data on firms. One particularly favourite of mine is his recent (already much cited) paper on competition and innovation which shows how the predictions of a model can be tested in an interesting and persuasive way.

Another consistent interest of Richard's in recent years has been on the evolution of economic inequality over the life cycle. The work is grounded in models of economic choice and takes the heterogeneity in the data in new directions.

Richard's approach here (and elsewhere) is an important antidote to people who think that models of consumption that rely on a representative consumer can do justice to the data. In some ways, this makes Richard a true successor to the project begun years ago by Terence Gorman. Terence's most distinguished theoretical work showed how unlikely it was in theory that features of aggregate consumption could be understood from models that proceeded as if there was a single consumer. These are fundamental issues in macroeconomic modelling. Richard has been at the forefront throughout his career in understanding such issues empirically.

Apart from Richard's amazing research productivity, the picture would be incomplete without reference to his remarkable successes in building institutions. As I have already emphasised, he has made a pivotal contribution to building up the research base of the IFS and helping to make it one of the most respected think tanks in the world. This has involved him working with teams of applied economists, many of them young and many of whose careers he has helped to launch. A number of his former students now occupy senior positions in leading universities world-wide.

And Richard has been the main driving force behind UCL becoming one of the leading economics departments in Europe. Of course, UCL always had a distinguished tradition in economics. But Richard has built on that tradition and has played a major role in recruiting a formidable group of economists.

Richard will talk about the Mirrlees Review in his lectures – this is project in which I have also been involved. This project has taken around four years to complete. During this review, it has been a pleasure for me to see Richard use his entrepreneurial talents to get the project off the ground and his gentle persistence in keeping the project moving and finally bringing it to closure.

One of the remarkable things about the Review, which shows Richard at his best, is the way in which it brings the best academic knowledge and analysis together with policy relevance. I shall say no more about the substance and I am sure you will all enjoy hearing about the findings over the coming days.

Let me close by repeating what an honour it is for me to be here today and to offer these few words of introduction to Richard's Munich lectures. Richard embodies as well as anyone the values that CESifo promotes in its work. He is a wonderful colleague and I have learned a huge amount from Richard over the years. He makes economics challenging, relevant and (above all) fun.