

Interview

Alumnus
Jan Kees de Jager

Collaboration

Proud of Rotterdam

Goals & ambitions

Make it happen!

Back to Bone

Rotterdam, a city which has it all

Where to go?
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Preface

Erasmus School of Economics is in and of this city

Philip Hans Franses is Dean of Erasmus School of Economics and has been teaching there since 1987. He is a professor of Applied Econometrics and a professor of Marketing Research.

Dear reader,

As Dean of Erasmus School of Economics I feel grateful.

Grateful, because our school is the only European institute where the sole focus is on economics and econometrics. We capture the drive and vigour of the international business of the harbour, with our hardworking professorial staff (of over 300 people) who know how to teach a very thorough curriculum to our students. And this is why we attract such inquisitive and resolute young people. Yet another thing to be very pleased with is the fact that both our graduate schools support our relevant and enticing research. Indeed, this is one of the reasons why Erasmus School of Economics is held in such a high esteem, both in our own country and abroad. I usually put it like this: We do not just scratch the surface; we go deep. It is no wonder that alumni of Erasmus School of Economics can be found all over the world, and many of them in various leadership capacities.

Invigorating and inspiring

We must all be equally pleased to see how the city and the port have developed over the past decades. As you may know, our invigorating and inspiring city has recently become a trendy tourist hotspot. Of course this is due to many qualities: its cosmopolitan look-and-feel, its first-class architecture and cultural highlights and, last but certainly not least, its impressive port business. We are thankful that our mayor Ahmed Aboutaleb mentions our school especially at meetings with international business leaders. He firmly believes, as do I, that Erasmus School of Economics also has an economic impact on the city of Rotterdam.

In and of this city

With a history of over 100 years we should certainly be filled with gratitude for the effect our school has had on the development of our city. During that centenary our school has always attracted a multidisciplinary and multicultural student body which has certainly contributed to the metropolitan feel of our city. Most importantly, our school plays an important role in Rotterdam because of the working relationship of our disciplinary field and the Port of Rotterdam. In brief: Erasmus School of Economics is in and of this city. And this is simply great!

Ambitions in education

By: Ivo Arnold

We aim to be the number one choice for the most talented and ambitious students and to create a foundation under an inspiring career in economics or econometrics. Like we have done for so many careers in the past.

An inspiring career doesn't come easy. From the very outset, our students are made aware of the fact that they will be challenged, that their course will take time, and that the disciplines of economics and econometrics are difficult to master. Our prospective students will undergo a 'study check'. Applicants who do not want to participate in this will be rejected. After enrolling, students have to complete their first year in one go (Nominal = Normal). The aim here is to prevent students from spending too much time doing a course for which they do not have the skills, talent or motivation. This system provides students with strong incentives to work hard in their first year, as they risk being expelled.

To offer a range of possibilities for the truly ambitious student

For ambitious students who are talented and motivated, Erasmus School of Economics offers plenty of development opportunities beyond the standard curriculum. At bachelor level, selected students can participate in the Bachelor Honours Class or the Bachelor Honours Research Class. At master level, there are various programmes offering extracurricular honours programmes, such as the PwC Honours Master and the Glencore Honours Masterclasses.

Many ambitious students come to Erasmus School of Economics to pursue a double degree programme. The longstanding double degree programme in Economics and Law has a very good reputation. Many alumni of this programme reach the highest echelons of business. An Economics and Econometrics double degree programme was launched. This programme is designed for ambitious students who are interested in how the economy works as well as how to solve economic issues with the help of mathematical and statistical models and methods. The double degree programme in Economics and Philosophy has started recently.

Erasmus School of Economics aims to produce skilled, confident and inquisitive graduates, who are ready to start inspiring careers. We have been a preferred supplier of the Dutch corporate sector since our establishment in 1913. Several Ministers of Finance have studied at our school. We can also boast high numbers of alumni in the boardrooms of Philips, Bavaria and Vopak, to name but a few.

To achieve the highest level of excellence in economics teaching

Erasmus School of Economics is the only school in the Netherlands that has a clear focus on the discipline of economics. We concentrate on a limited portfolio of economics and econometrics programs. Faculty



Ivo Arnold is vice dean and is also a professor of Economic Education at Erasmus School of Economics. This chair focuses on strengthening the educational services offered by Erasmus School of Economics with regard to content, processes and teaching skills, which ties in with Erasmus University Rotterdam's continual efforts to develop and optimize educational leadership. Ivo Arnold is also professor of Monetary Economics at Nyenrode Business University.

members who are involved in both research and teaching do all their teaching from the perspective of economics. Our fundamental and applied scientific research in economics and econometrics enjoys great acclaim both in the Netherlands and abroad.

We are firm believers in the positive spill over effects of good research on good teaching. The quality of our academic teaching is ensured by exposing students to active research. This starts in the first year, where students are taught by a number of leading full professors. During their third year and the master's programme, students are challenged in small-scale seminar courses that are led by active researchers. The seminars are a highly valued form of education, in which students are challenged to do in-depth research in a particular field of economics.

To be truly globally oriented

It goes without saying that our ambitions can only be realised by being truly globally oriented. Not just as a university, but also as a school. All academic research is international. This is also increasingly true of academic education. As Erasmus School of Economics, we aim to have an international (teaching) staff, to teach national and international students and to make their educational experience truly international.

We offer our two main bachelor programmes both in Dutch and in English. The International Bachelor in Economic and Business Economics started in 2006 and now accepts more than 200 students a year. We intend to increase this to 300 in 2018. The International Bachelor in Econometrics and Operations Research started in 2012. More than 70 students enrolled on this course in 2014 (including a large number of double bachelor students). All master's programmes (except Economics & Taxation) are offered in English. 30 per cent of the students on these courses are international students.

Erasmus School of Economics encourages students to participate in international exchange programmes. It has a long list of exchange partners and continually seeks to add to this list. More and more students are interested in these programmes: the number of outgoing students has increased significantly in recent years, from 80 in 2009 to 130 in 2014 and more than 200 recently. In 2014, a curriculum redesign made it possible for econometrics students to participate in the international exchange programme too.

Last but not least, we have more and more international staff. We now employ around 35 different nationalities at Erasmus School of Economics. Although employing as many different nationalities as possible is not one of our goals, the number of international staff we have does say something about our international ambitions.



CHRISTIE'S



CHRISTIE'S

LOT
8A

CONVERSIONS
APPROXIMATE

USD	160,000,000
EUR	142,976,000
GBP	103,824,000
CHF	148,688,000
JPY	19,162,624,000
HKD	1,234,944,000
RUB	8,082,848,000

Art

What is it really worth?

Picasso's Les Femmes d'Alger was recently sold for 179 million dollar, a record breaking amount. More and more investors treat art as an investment. But is it a good one?

'Only invest in art if you appreciate its aesthetic value'

Investors are constantly looking for investments that increase their return. The goal is not to have a single painting that may by chance dramatically increase in value, but rather to earn good returns on the investment for a broad portfolio of art works, such as paintings. Several studies have shown that investments in art meet these criteria, with returns on investments of approximately 10 per cent and a low correlation with the returns on shares. This means that paintings retain their value, even when the stock market crashes.

However, an important characteristic of investing in art is that returns on art investment are much more difficult to determine than returns on shares. Where share prices for listed companies are easy to observe at any moment, the prices for paintings are only observable when they are actually traded. And often more than 30 years can pass between successive auctions of a painting.

In a recent article that I co-authored with Arthur Korteweg (Stanford University) and Roman Kraussl (Luxemburg School of Finance), we showed that the paintings that are actually traded are not representative of the total painting market. Paintings are offered for sale when the seller thinks that he or she can obtain a high return on investment, so paintings in styles that are not in fashion at the moment are considerably less represented in the market. Estimating returns on investment based on



Patrick Verwijmeren is a professor of Corporate Finance at Erasmus School of Economics. His research focuses on the optimal capital structure for businesses, the influences of short sales and hedge funds and recent developments in corporate governance. His main specialism is business financing through convertible bonds.

paintings sold therefore often results in a too bright image of investments in art. In times of economic recession, the paintings that are actually sold seem to earn good returns on their investment, but these are usually the exception rather than the rule.

By examining more than 20,000 paintings that have been auctioned more than once since 1972, we can see that they have an annual average ROI of approximately 10 per cent, and a negative correlation with the yields on shares. Art therefore seems to be an optimal element of an investment portfolio. But when we correct for the fact that paintings that have increased in price are more likely to be auctioned, and therefore to appear in our data set, then the return for a representative painting sinks to around six per cent. This therefore shows a positive correlation with shares. Although this is not a bad return on investment, paintings do not seem to play an important role in optimal portfolios. The same applies when only investing in certain art movements, such as old masters, impressionists or modern art.

When we include transaction and insurance costs, then this conclusion is even more pronounced. Investments in art are therefore not attractive enough from a purely financial perspective, unless perhaps the investor has an excellent understanding of the future demand for art. We therefore recommend only investing in art if you appreciate its aesthetic value. ◀



Aurélien Baillon Professor of Economics of Uncertainty at Erasmus School of Economics. He received a Starting Grant from the European Research Council (ERC) in 2015.



Big Data

What use is it, exactly?

By: Philip Hans Franses • Illustration: Carolyn Ridsdale

The ambitions companies have with Big Data often conflict with privacy. But don't let incidents take away the bigger picture of Big Data, argues Philip Hans Franses.

Big Data has been getting bad press from incidents in which companies used their customers' private data for applications they weren't asked their permission for or which they did not approve of. It all sounds really advanced, but, Big Data is not as new as it may seem; in fact, it has been around for a long time. For years, econometricians have worked to obtain useful information from large amounts of data. Companies have been collecting data about their customers since the introduction of customer loyalty cards, call centres and debit cards. This information is then collated manually into something that the companies can use. Businesses have also been linking Dutch post codes to the type of consumers who live there for a long time. Other companies can then buy these post code profiles in order to send targeted advertising flyers. For that reason, you

and I probably receive very different advertising material in our postboxes. The analysis of these types of data is done by data analysts, and these analysts often have a degree in Econometrics.

So for econometricians, Big Data is absolutely nothing new. At the most, you could say that modern social media and Internet activity have made today's data a bit 'bigger' than before, but the difference between 'a lot' and 'a lot more' is not that big, at least not for an econometrician.

The idea behind Big Data can perhaps best be described using an example. Companies such as bol.com sell products, and they record who buys them. Albert Heijn also does so with customer bonus cards, but not with random customers.

'Big Data is not new. For years, econometricians have worked to obtain useful information from large amounts of data'

Bol.com can save this data for all of its customers. This allows them to identify which people display comparable purchasing behaviour. They do not know if the customer wears glasses or owns a dog (unless they buy books about dogs every week), but at bol.com they can still compile a general customer profile about you.

The customer histories are then compared to one another, and if someone whose buying behaviour is similar to yours buys the new book by Tommy Wieringa, then you will probably receive a discount offer for that book later that week. After all, you resemble the other person, so maybe you share the same interests. Bol.com cannot know for sure, but it makes a prediction about your future buying behaviour. If you then go ahead and order the book, then bol.com learns more about you as a customer. So if you don't want to live your life as a profile, you should buy your books at a bookshop, where they don't know you or your buying behaviour, instead of via bol.com.

So Big Data gives us the opportunity to predict unobserved intentions, with emphasis on the 'unobserved'. There are other interesting phenomena



Philip Hans Franses is a professor of Applied Econometrics and a professor of Marketing Research at Erasmus School of Economics. He has worked at the School since 1987, and has been ranked highly among Dutch economists for many years. Philip Hans Franses is also Dean of Erasmus School of Economics.

that can be predicted, even without being observed. Some examples include 'satisfaction' (as indicated by your weekly buying behaviour), 'consideration' (you know about 50 car brands, but you are only considering four), 'loyalty' (you don't just talk about it, you do it), and 'mindfulness' (do you look at advertisements, or do you compare prices?). Since there is so much Big Data, it is possible for econometricians to estimate the variables that cannot be observed. It requires very complex models, and it costs considerable time to calculate, but it is possible. Thanks to the large data sets, the field has developed considerably, which in turn offers excellent challenges for students and researchers.

The question, of course, is how Big Data relates to your privacy. Econometricians only make predictions, and they are never 100 percent certain. You will probably receive completely unexpected offers that indicate that the prediction was way off. However, the debate about privacy should rather deal with what happens at the start of the chain, because that is where the trail that you leave on the Internet, via your telephone or your bank card all begins. ◀

About the EFR

The Rotterdam Economic Faculty Association (EFR)

is affiliated with Erasmus School of Economics. With more than 5,000 members, EFR has grown to become one of the largest student associations in Europe and one of the most active in the Netherlands. EFR organises a wide range of career-oriented, academic and social events for students of Erasmus School of Economics and of other institutions.



EFR in figures 5,000+ members, of which 130 are active • More than 50 events each year, with 5,000+ participants • Five international activities each year, along with several charity activities • Two conferences with top CEOs, politicians and world leaders • More than 100 companies at the largest on-campus recruitment event in Europe • Party leader debate on national television, with more than 1 million viewers • Cooperation with more than 125 companies

Membership of the EFR gives access to a wide variety of events and discounts, without further obligations. And of course, you have the opportunity to build up your social and professional network. Would you like to have a truly educational year? Then become a member of one of our committees.

For more information, visit: www.efr.nl

EFR CORE VALUES

Teaching

Mission: The EFR offers academic support to the students of Erasmus School of Economics.
Examples: Discounts on textbooks, advocating the students' interests.

Development

Mission: The EFR supports students in the development of personal and professional skills.
Examples: Mentoring active members, EFR Academy

Networking

Mission: The EFR helps expand the students' personal and professional networks.
Examples: Networking receptions, introduction events and group activities

Orientation

Mission: The EFR acts as a link between the student's school years and the start of their career.
Examples: Erasmus Recruitment Days, EFR Business Week, EFR Orientation Cycle

Facts & Figures



Erasmus School of Economics strives to be the best in its disciplines (**e.g. economics and econometrics**) and seeks to achieve excellence both in its research and teaching. Our results can be measured by our performance in rankings such as the Shanghai Ranking, QS Rankings and Times Higher Education Rankings.

First, first and 28th in Shanghai Ranking

In 2014, the Academic Ranking of World Universities (Shanghai ranking) ranked Erasmus University Rotterdam, subject Economics & Business as follows: **1st place** in The Netherlands, **1st** in continental Europe and **28th** in the world.

The Shanghai Ranking ranks over **1,000 universities** every year. It uses objective indicators: alumni or staff winning Nobel Prizes and Fields medals, number of researchers with most citations selected by Thomson Scientific, number of articles published in journals and, of course, per capita performance with respect to the size of an institution.

Where do our students come from?

A total of **79 different foreign nationalities** are represented at Erasmus School of Economics. At the bachelor level, **60%** of all foreign students come from European countries and **40%** from outside Europe. In the master phase, **77%** of all foreign students come from Europe and **23%** from outside Europe.

Excellent position in QS Rankings

In 2015 Erasmus University Rotterdam is listed on position 40 out of the 700 universities ranked and 2,000 that were considered by the QS World University Rankings (QS Rankings).

The QS Rankings are multi-faceted rankings where Erasmus School of Economics scores particularly well when it comes to Economics & Econometrics and Accounting & Finance. For the subject of Economics & Econometrics Erasmus School of Economics is placed 6th in continental Europe. For the subject Accounting/ Finance Erasmus School of Economics is placed **1st in The Netherlands and 5th in continental Europe.**

Top 100 in Times Higher Education Rankings

In 2014-2015, the Times Higher Education World University Rankings (Times Higher Education Rankings) rated the Erasmus University Rotterdam **72th** in the world.

The Times Higher Education Rankings list the best global universities. They are the only international university performance tables that judge world class universities across all of their core missions. Thirteen carefully calibrated performance indicators are used to provide comprehensive and balanced comparisons.

Below zero

By: Bas Jacobs

Even though the European Central Bank (ECB) has maintained near-zero interest rates for many years, the eurozone slipped into disinflation and even deflation. Therefore, the ECB launched its quantitative easing (QE) programme at the beginning of 2015 under Dutch and German protest.

When there is a lack of aggregate demand, the real interest rate should fall. Households then consume more – savings decrease – and firms invest more so that demand shortfalls will disappear. Price and wage rigidities typically prevent a smooth adjustment of real interest rates. Under normal conditions central banks then adjust short-term nominal interest rates to fight recessions and avoid disinflation.

This is no longer possible, however, when the economy enters a liquidity trap where the short-term nominal interest rate hits the zero lower bound. In a monetary economy interest rates cannot become negative. If interest rates on assets would become negative, all short-term financial assets will be held in the form of money, which is an asset paying zero interest. Of course, holding financial wealth in the form of money is impractical and costly: insurance, transport, storage and so on.

This implies that the ECB policy rate can become negative, but only to a limited extent.

When nominal interest rates reach the zero lower bound, only a higher rate of expected inflation can reduce the real interest rate so as to boost demand (Krugman, 1998). Higher expected inflation implies that the future price level is higher than the current price level. If future monetary policy and thus future prices do not change, current price levels will drop to generate expected inflation. Moreover, output will decline when prices are rigid. Deflation raises the real value of debts, which exacerbates demand shortfalls. Fisherian debt-deflation dynamics thus add to deflationary pressures and output declines. We have indeed witnessed a dangerous cocktail of demand shortfalls and disinflation in economies with large private debts. Therefore, Draghi was right to pursue QE. Whether the policy helps to raise inflation expectations substantially is uncertain, however.

Japan's attempts at QE in 2000-2006 were a miserable failure, since QE was explicitly announced to be only temporary (Woodford, 2012). QE is an open-market operation where the central bank buys short-term assets with printed money. However, at the zero lower bound money and short-term assets have become perfect substitutes. QE thus swaps one asset with a zero return by another asset with a zero return. Therefore, this situation is known as the liquidity trap: people have become indifferent to more liquidity. Temporary QE certainly does not work to raise inflation expectations (Krugman, 1998).

Only permanent QE will be effective in raising inflation expectations (Woodford, 2012). The ECB then has to keep future policy at a much lower level for a much longer period of time ('forward commitment'). Nevertheless, central banks suffer from a fundamental credibility problem (Krugman, 1998): central banks must 'commit to be irresponsible'. Commitments to higher inflation are not credible because central banks exist to combat inflation. If everyone expects that the central bank will renege on its announcement to keep interest rates low and tighten monetary policy when inflation arrives, inflation expectations today will not increase and QE will not work.

Friedman's drop of helicopter money would surely work (Buitter, 2014): monetary financing of public debts amounts to permanent quantitative easing and for sure boosts output and raises inflation expectations. But monetary financing is prohibited in the euro zone. Quantitative easing is no magic bullet. Many economists, such as Summers and Krugman, therefore advocate stronger fiscal stimulus, which would surely stimulate the economy and raise inflation expectations. However, fiscal policy cannot be used due to the straitjacket imposed by the fiscal rules of the eurozone.

Buitter and Rahbari (2015) suggest other, more technical solutions to escape the liquidity trap: taxing or even abolishing currency, or eliminating the fixed



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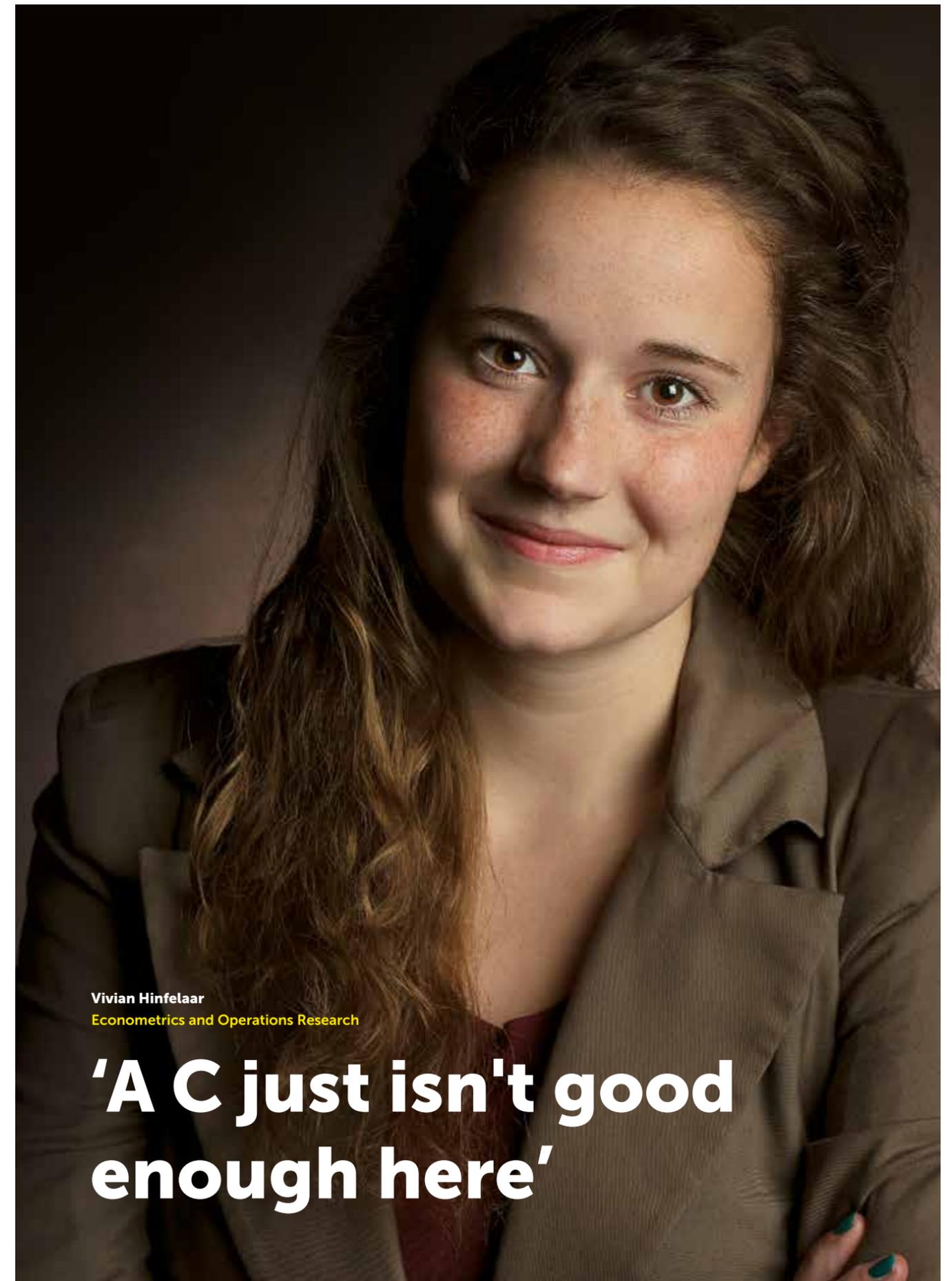
exchange rate between money and central bank reserves. Although all these solutions would work, it is not likely that any of them will be implemented in the foreseeable future.

The simplest solution to escape the liquidity trap is not via monetary or fiscal policy, but through tax policy: a wealth tax. Just like higher inflation, a wealth tax reduces the real return on all assets, including money holdings. There is no practical obstacle whatsoever to setting the wealth tax so high to ensure that the net, real interest rate will become negative. It would work even better if debt is also subject to the wealth tax. Debt holders would then receive a tax rebate. Tax authorities could oblige people to use their tax rebates to pay off debts. It is not clear why macroeconomists do not devote any attention whatsoever to the wealth tax as a solution to the liquidity trap. Unconventional monetary policy is no longer necessary and budget deficits would decrease rather than increase. There is a major political obstacle to the wealth tax, however. Naturally, the wealthy are against it.

Reinhart and Rogoff (2009) have analysed 800 years of financial crises. Financial crises ultimately end only through a redistribution of wealth from creditors to debtors, from those who own wealth to those who are in debt. This wealth redistribution takes place through inflation, devaluation, financial repression or outright default. Under current economic conditions, with nominal interest rates stuck at the zero lower bound, is it very difficult to raise inflation. Devaluation is not an option inside the eurozone. European politicians base their macro-economic policies on crime and punishment stories: austerity and structural reform! Financial repression and debt-restructuring are vehemently resisted. Policy elites have succumbed totally to the interests of the creditors, which is the fundamental, political reason that we have been in economic crisis for so many years. The tragic result is a lost decade and a European continent bloated with political instability. <

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Vivian Hinfelaar
Econometrics and Operations Research

'A C just isn't good enough here'

Alumnus Jan Kees de Jager

Interview with current CFO
of Royal KPN N.V.

A portrait of Jan Kees de Jager, a middle-aged man with dark hair, wearing a dark blue suit, white shirt, and a blue and yellow striped tie. He is smiling slightly and looking towards the camera. His hands are clasped in front of him. The background is a bright, out-of-focus interior space.

'In five years,
the world will have
50 billion
web-connected
devices'

You are living in Rotterdam. What do you like about Rotterdam? And what are your 'hotspots' in this city? (for example: dinner/shopping/drinks/bookstore)

I like the fast dynamics of the city, it is more authentic and maybe a bit more raw than other cities. I also like the impressive architecture, be it the beautiful and revolutionary Van Nelle factory built in the roaring twenties as the most accomplished example of industrial architecture of the modern movement in the Netherlands, to the new Central Station and Markthal, and finally, the people are actually quite relaxed in Rotterdam...

During your student life you became a member of the fraternity R.S.V. Sanctus Laurentius in Rotterdam, and still now you are well-disposed towards Laurentius. For example during the Opening of the 100th anniversary. In what way did the fraternity

contribute to your life or still does? For example, do you hire a lot of people for your company via the network of Laurentius?

A student fraternity can be very helpful to explore different ways of social engagement and learn a lot from those experiences. And yes, it can help with your network too, at ISM eCompany, the company that I co-founded, a lot of the employees share the same Laurentius background.

In 1992 you started ISM e-company with your college friend Karel van der Woude. Can you tell us about your current position in this company?

Today, nothing more than a shareholder. After my exit as Finance Minister but before I started at KPN I helped them for two days a week to set up new companies in New York and Colombo (Sri Lanka).

'The Netherlands is blessed with one of the best ICT infrastructures in the world'

ISM e-company has grown from a small startup to a company with offices all over the world with more than 300 employees.

How was this all possible?

Well, I can talk for hours on this topic. We started a company in interactive media when others found it to be irrelevant. We were truly frontrunners in our industry, in this country anyway. And besides having a good idea, even more important is execution. Something that is sadly, in many cases, ignored by startups. And very important, recruit the right people, fit for purpose, agile, smart but also hands on.

In an interview with Scope and NVP in 2012, you said that more venture capital is needed for innovation. Do you feel that nowadays there is more venture capital available to start new businesses?

Yes, it would be helpful to have more venture capital available. Things are improving. At KPN we recently announced our new KPN Ventures fund. The Netherlands is blessed with one of the best ICT infrastructures in the world. That attracts technological

companies to test and develop innovative applications. So clearly the conditions are right, and that climate is attracting more entrepreneurs and venture capitalists to the Netherlands. And as a former entrepreneur, I can only applaud that development.

Can you give us an idea of the telecom market in 5-10 years' time?

Obviously the sector is subject to rapid change, both technologically and in terms of customer dynamics. You need to offer good quality service and products, and make life easier for customers. Connectivity is already very important, but will become even more so in the future. In five years, the world will have 50 billion web-connected devices. That's 7 times the total world population! E-commerce, Cloud, e-security, e-health will grow beyond original predictions.

What are your ambitions in 10 or 20 years' time?

I feel that I am too agile to predict exactly where I will be in 10 or 20 years' time. Certainly high-tech will be part of my life. <



Jan Kees de Jager

Since November 2014 Jan Kees de Jager is Chief Financial Officer at Dutch telecommunications and ICT provider Royal KPN N.V. Between February 2010 and November 2012, he was Minister of Finance in the Dutch Government. Prior to that, he was State Secretary for Finance for three years. In those positions he gained considerable national and international financial and management experience as well as thorough knowledge of the financial markets. From 1992 to 2007 he was managing partner and co-CEO at the e-commerce company ISM eCompany. In those fifteen years he gained much knowledge of innovation, new internet technologies, web solutions, e-applications and the development of products and markets. When he left government office he returned to ISM eCompany, where he worked until joining Royal KPN N.V. De Jager holds academic degrees in Business Administration (Nyenrode University), as well as in Economics and Law (Erasmus University, Rotterdam).



Incentives for Innovation

By: Susanne Neckermann • Illustration: Carolyn Ridsdale

Innovation has become a considerable driving force for economies and successful companies are often the companies that excel at innovation.

This brings up the interesting question: can companies encourage innovation through incentives? Susanne Neckermann conducted a study after the possibilities.

'The incentives did, indeed, affect employee ideas'

They have, however, little understanding of how incentives work for more complex tasks and tasks that involve creativity, like innovation. There are reasons to believe that incentives work differently for these types of tasks. Complex tasks tend to have, for example, many different facets that may not all lend themselves equally well to the use of incentives. If incentives are only used for certain components of the task, employees might focus on the rewarded aspects of the task to the detriment of unrewarded dimensions. A substantial body of literature in psychology highlights a different point and even cautions to use financial rewards when creativity is involved. They argue that creativity is an intrinsically stimulating and rewarding endeavor and that rewards might destroy intrinsic motivation. Hence, rewards for intrinsically motivated behavior might potentially even result in a lower performance than in the absence of rewards.

Michael Gibbs (Chicago), Christoph Siemroth (Mannheim), and me have recently had the opportunity to empirically investigate this interesting question. We could exploit the fact that a large Asian software company introduced an incentive scheme for coming up with novel and innovative product and process improvements to its employees. The company used a similar system to frequent flyer programs as a reward, where employees could redeem earned points for merchandise in an online store. Luckily for us, they only introduced this incentive scheme for a random subset of their key accounts. This allowed us to use the remaining key accounts as control group.

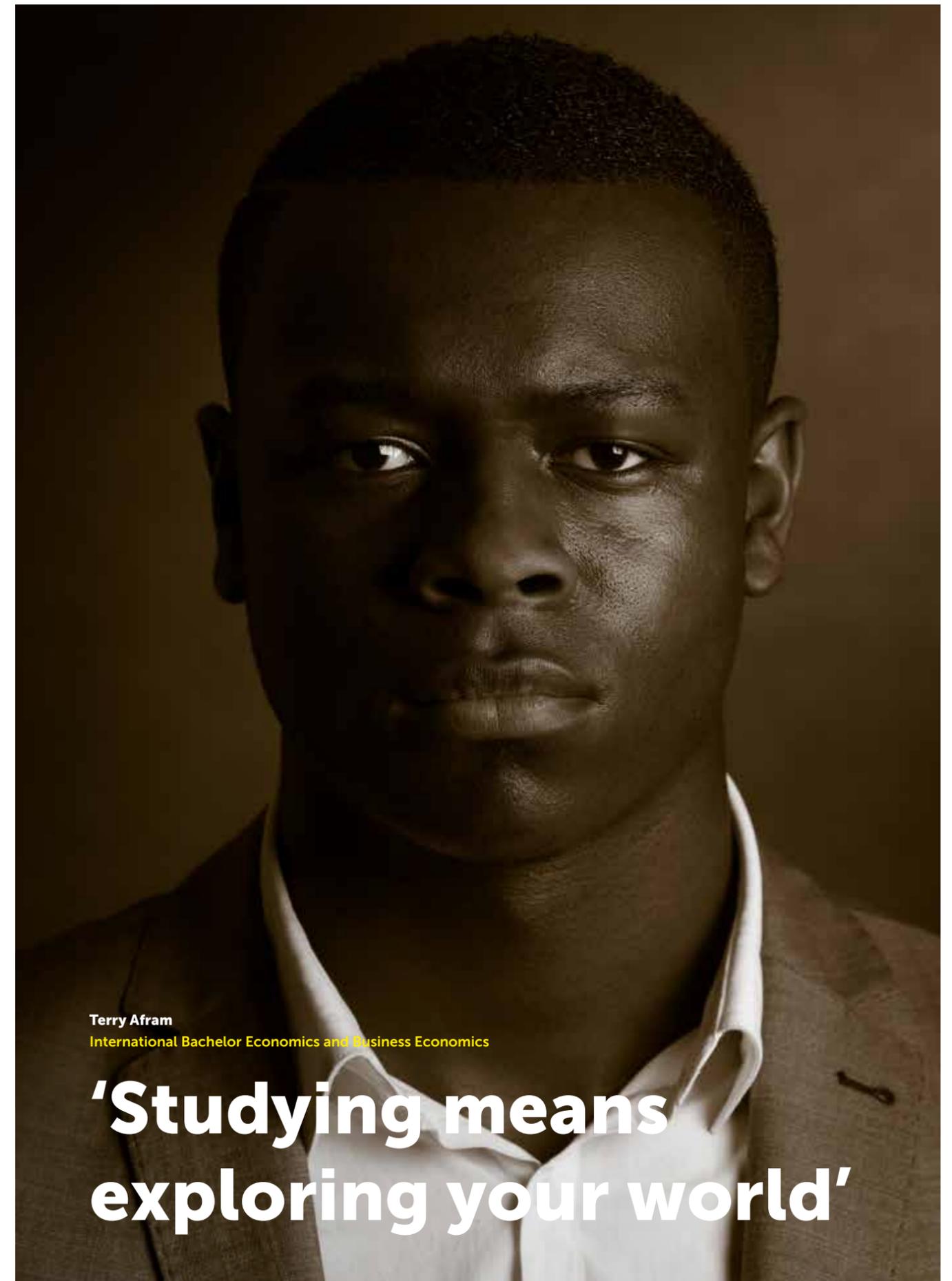


Susanne Neckermann is an assistant professor at the Department of Economics since September 2012. She is a candidate fellow of the Tinbergen Institute, a fellow of the Centre for European Economic Research, and a fellow of the Center for Research in Economics, Management, and the Arts. Her fields of interest are: personnel economics, experimental economics, field experiments, non-pecuniary incentives, education and creativity.

We find that the incentives did, indeed, affect employee ideas. While the overall number of ideas remained the same, ideas in the groups with rewards were of higher quality. This suggests that employees did take the reward criteria into account, as rewards were only awarded to ideas that were accepted for implementation by an internal review committee.

The study also showed that more employees suggest ideas in groups with rewards, focussing on fewer, but better ideas. Interestingly, the effect on idea quality disappears after the reward program is discontinued. However, the effect on the broader participation base persists, which suggests that employees, once they got used to actively engaging in the "ideation process" continue to do so even in the absence of rewards. Finally, the data also allowed us to limit the analysis to employees that suggested ideas prior to the reward program. This enabled us to address the question of whether or not rewards have a detrimental effect on the performance of individuals who actively engaged in ideation even in the absence of rewards. We find no evidence of such a motivational crowding out effect, as this effect is called in the literature. <

Gibbs, Mike, Susanne Neckermann, and Christoph Siemroth (2014). A field experiment in motivating employee ideas, Tinbergen Discussion Paper 14-045/VII



Terry Afram
International Bachelor Economics and Business Economics

'Studying means exploring your world'

'It's not done yet', the **New York Times** writes about Rotterdam. The newspaper puts the city in its Top 10 Places to Go list. The biggest port in Europe, a spectacular skyline, world-class architecture, excellent museums - the city has it all. And they were right: Rotterdam isn't done yet! Go see for yourself today, because Rotterdam may very well be a completely different city by tomorrow.

**The
New York
Times**



There's still much more to **Rotterdam**



Festive foods
Are you a food fan? Check out Rrrollend Rotterdam for a gathering of food trucks. Get a taste of Morocco at Djemaa el Fna. Or prepare your own dish with produce from the Rotterdam Oogst Markt (every two weeks).



Watch the world at the IFFR
Spectacular events to satisfy every taste are given free rein: the Summer Carnival, the Marathon and of course the International Film Festival Rotterdam in January, showing films from every corner of the world.



The ideal factory
UNESCO World Heritage, 'poetry in steel and glass'. Back in 1931, you would be proud to work in the Van Nelle coffee, tea and tobacco factory, where the workers' welfare came first. Today: Ontwerpfabriek design factory.



MegaMarkthal
The next big architectural masterpiece of the Netherlands is built in this dynamic city. This is the home of the world's largest art work, suspended above the first covered market in the Netherlands.



A change of flavour
In a multicultural city you will find many different flavours. Go to www.rotterdam.info for more inspiration or to find directions to an Indonesian 'rijsttafel', the hottest curry, a real American burger or special Dutch treats.



Michelin-star dining
François Geurds is a Rotterdam Michelinstar chef with a two-star rated restaurant FG in the Lloydkwartier. And in the centre of Rotterdam he created a one-star culinary hot spot named FG Foodlabs.



Rotterdam = music
From throbbing ship engines to pounding pile drivers: Rotterdam is music. The North Sea Jazz festival in July hosts the biggest names and must-hear new talent. In Ahoy you can hear the past, present and future of jazz, soul and pop.



Harbour with a heart
I lost my heart in Katendrecht. The opium dens and women of easy virtue are gone now, but this peninsula is becoming the city's newest hot spot, where sailors on shore leave are making room for coffee and cuisine.

Dynamic collaboration in Rotterdam

By: Sijmen van Wijk

Rotterdam is known as the city where the money for the rest of the Netherlands is earned. Mayor Ahmed Aboutaleb and Pauline van der Meer Mohr, president of the executive board of Erasmus University Rotterdam, are proud of their city. How do municipality and science strengthen one another? 'Rotterdam is blessed to have a mayor who genuinely understands the importance of science.'

If one thing is clear from the discussion between mayor Aboutaleb and president of the executive board of Erasmus University Rotterdam Van der Meer Mohr, it is the evident chemistry between them. They understand they can benefit from each other's knowledge and expertise. The starting point is dynamic Rotterdam. Van der Meer Mohr: "We couldn't be based in any other city, nor would we want to be. Rotterdam is a city that has everything our students and staff need. You see it in the living environment; you see it in the leisure opportunities. After WW II, it took the city quite a long time to reinvent itself, but we now have a city that truly has everything that students and staff need. It is a multicultural city. Our university is also very multicultural, and in that respect it is a good reflection of our society." Mayor Aboutaleb points to the special circumstances of Erasmus University's founding. "The university was established by people with commercial spirit, the port barons. They approached the Minister of the Interior (there was not yet a Minister for Education at that time, ed.) to urge him to set up an economic, commercial university of applied sciences. This university was therefore not founded by the government, which is a salient difference. The people who ran the port were concerned about whether there was an adequate scientific and practical basis to support their trade. A second point is that the city of Rotterdam cannot permit itself to think small. The city is all about international trade, hence the second Maasvlakte. That takes expertise. Good scientific foundations are very important in order to minimise those financial risks."

way: through the students who graduate from it. The second is through the concrete problems which they tackle in tandem. Van der Meer Mohr: "The municipality and/or companies identify a problem and pass it to the university or one of the knowledge workplaces we have set up together. They represent a partnership by means of which we aim to solve knowledge questions. For problems with a somewhat longer lead time, we naturally also conduct research. The city may be regarded as a kind of lab for our researchers. Those researchers, in particular the social scientists, find their inspiration in the neighbourhoods of Rotterdam. They build their research lines on the big city problems they encounter here." In some policy areas, the university is very visible, such as in the field of health sciences. Aboutaleb: "As a city, we do need to understand that besides being the engine of the economy, we are also a major polluter. That's why the municipal executive considers it important to make real money available to improve air quality in the years to come. Scientific insights are very important for the correlation with our policy. We also benefit from science in the area of safety."

Close ties

Van der Meer Mohr is adamant: "I'm quite sure all universities seek close ties with the municipalities in which they are based. Whether they are successful certainly depends in part on the leaderships of those academic institutions. Rotterdam is blessed to have a mayor who genuinely understands the importance of education and science. The mayor lets no opportunity go by to get on his soapbox to argue our case. Conversely, I don't let an opportunity go by to preach our close cooperation with the city. This interwovenness sometimes goes so far that we act on each

Troubleshooting

There are two ways in which knowledge from Erasmus University reaches Rotterdam municipality. The first is the most tangible

Ahmed Aboutaleb and Pauline van der Meer Mohr:

'We have a single agenda as a municipality and as a university. Our interwovenness sometimes goes so far that we act on each other's behalf.'



other's behalf. For example, the mayor was invited to deliver a keynote speech to a conference in Shanghai. He didn't have room in his diary, so he asked if I could do it. So there I was, giving a speech on behalf of Rotterdam. This is about Rotterdam and about knowledge. They are the two pillars that always recur. In that sense, we have a single agenda and there is full alignment between us." The mayor is busy establishing new economic ties between the municipality and other countries – an important aspect of the internationalisation the city is striving for. Aboutaleb: "We tell representatives of countries such as Qatar that we are very happy to refine the oil from their countries. But did they also know that we have a fantastic university in Rotterdam? Often they don't. We present the university as an economic asset wherever we are engaged in economic diplomacy for the city. An example: China now sends nurses to Rotterdam to see how we organise care for the elderly here. Showcasing your university in this way really works."

Internationalisation

The Netherlands is not an island. In a metropolis such as Rotterdam, that is a basic fact of life. But how do you give shape to internationalisation? Van der Meer Mohr: "Internationalisation begins at home. As a university, we could not pretend to have a serious internationalisation strategy if, for example, we were to offer our entire curriculum only in the Dutch language. It starts with embracing bilingualism and taking it seriously. We now do all our big ceremonies in English. We get plenty of criticism for doing that, but we consider it important. The content of the curriculum also matters. If the curriculum is genuinely looking at global trends, it is truly a global curriculum. That is the first step, offering something that is truly international. The second step is to make sure your student mobility is as it should be. Currently, one in eight students spends part of their studies abroad. That percentage needs to go up. There is no reason to think it could not be one in three. I agree with Louise Gunning: students don't know what they're missing. The third aspect is bringing international students here. A certain balance does need to be struck, because an MBA programme with only Chinese students

on it is still not diverse. We want a good, balanced diversity and a truly international classroom." Aboutaleb sees many benefits. "To start with, you gain insights into how knowledge production works in other cultures, which is enriching for the way in which we look at science. I consider that to be very important in a global society. Conversely, our insights are enriching for others. I have often said: if you have an idea and I have an idea and we share them, we both have two ideas. The basis of knowledge is always curiosity, and through internationalisation, that curiosity can be stimulated further. I celebrate the intercultural dimension which can be tapped through internationalisation. Sometimes, people reach solutions based on totally different visions. Another aspect is that through internationalisation, you ensure that young people don't look at the world from the outside but are interested in different cultural relationships, in languages and in the way in which people conduct trade. And finally, the aspect of recruiting talented young people. I would like to hope that the crème de la crème of the people we train here will stay here. However, if we are not sufficiently competitive, we will lose those people to the world. And on that issue I would like to raise a critical point about our society as a whole; we are not welcoming enough! There really is a big difference between us and a city like New York. New York exudes welcome. We don't do that as a nation or as a city, and that can mean we get overlooked."

Educational column

Both interlocutors feel that our education system is well organised. There are various ways in which a person can rise up the social ladder. So much for the good news. But Aboutaleb does have real concerns about the deteriorating image of the real craftsman. "We can't all be scientists, and we don't have to be. We also need to make things. As far as I am concerned, in the current system, higher education already starts at mbo-4 (secondary vocational education, year 4). The entire technological services industry would benefit from a sufficient inflow of qualified people at mbo4-level. There has been a devaluation of mbo education. I find that dangerous. That's why I am a proponent of tailored solutions in the grants system. I brought this up when I was a member of the

Educational Council: let's make sure we have appropriate forms of grant systems, let's make sure we have incentives that offer young people the opportunity to make good choices. We really need to develop precision instruments in order to get young people making the right choices. It's weird, but in the Netherlands we are very good at cutting people off with enrolment quotas. However, when we have a shortage of particular skills, such as currently technical personnel, we don't have the mechanisms to go the other way." Van der Meer Mohr recognises this. "What I consider an interesting ideological question is whether we really want fifty per cent of the population to receive higher education. Currently, there is an enormous drive to get everyone into higher education. I regard that as a rather dangerous assumption. We know that intelligence is distributed normally; one half is below an IQ of 100, the other half above. If we assume that you need an IQ of 110 or more for higher education, you can achieve your goal by modifying the programmes so that everyone from an IQ of 100 can receive a 'higher' education. However, you cannot simply push everyone ten points up the IQ ladder. It does not strike me as desirable for universities and universities of applied sciences to start diluting their diplomas. The solution put forward by the mayor to redefine higher education is a better one. Let's look at what we need in the trades and include that in the definition. Look at the total spectrum. That seems to me a far more productive approach."

Academic education

Van der Meer Mohr believes it is wrong that pre-university education (vwo) classes are taught by teachers who have never been to university themselves. "How can you deliver pre-university education if you haven't had a university education yourself? Ideally, a university education should be a condition for the final years of upper general secondary education too." Aboutaleb

'The fact that you have enjoyed a higher education brings with it the obligation to do something for society.'

wonders why this does work in France, for example. "There, being qualified to teach in secondary education always means having a higher level teacher training qualification. We really need to be strict so that only fully-qualified teachers are teaching children in the final years of havo and vwo. I would like to mention the role of my friends in the union in this debate. All teachers start at scale 10A, whether they have a higher or intermediate level teacher training qualification. Education is really the only profession where this is the case; there, it is not accepted that there should be salary differences. The odd thing is, people who work in education agree with this set-up. The result is that those with higher-level qualifications seek alternative employment." There is a clear difference between scientists and managers. The former group requires a narrow and deep education, whereas a manager needs a broad education. Aboutaleb believes that a philosopher should never become a manager, because for a philosopher, two things can be true at the same time. A philosopher cannot make choices. Van der Meer Mohr: "I once said: scientists are paid to doubt, managers are paid to manage and make choices." Aboutaleb extends that thought to his advice to the next generation: "If you know exactly what you want and what you are capable of and you think you can excel at it: go narrow. Opt for specialisation fairly early on. Because there will be room for you. But if you are not sure, but you do have a sense of the direction you want to go in, if you know you will be good but not excellent: go broad. The labour market will be best served by that choice." Van der Meer Mohr would like to make today's young people understand that they have a fantastic head start in the labour market thanks to everything they have learned during their education. This invites them to become responsible citizens of the world. "The fact that you have enjoyed a higher education also brings with it the obligation to do something for society, because you will soon be a shaper of the future." ◀

Erasmus Charity Run

Dust off your running shoes & start training

Coming fall the registration for the Erasmus Charity Run will be opened. Running fans will then be able to register for this special charity run, taking place during the Marathon Rotterdam, scheduled for 10 April 2016.

For this 4th edition organizers of the Erasmus Charity Run will bring together again the largest team of the event. They aim to have 500 runners on the go during this athletic competition. (Fact: did you know that the Marathon Rotterdam is the largest one-day sporting event in the Netherlands?)

Participants can either compete in the 10-kilometre run or finish the complete distance of 42.195 kilometres. Routes will of course vary for both distances, but all athletes will cross the finish line on the Coolingsingel, right across from city hall. The route will be made public by the organizers of the Marathon Rotterdam as soon as possible, but will surely allow runners to spot some of our city's many highlights: the bridge, the skyline and the port. By the way, other athletes will definitely spot our team, as they will all be wearing a special Erasmus Charity Run T-shirt. Running enthusiasts among students, staff and alumni of Erasmus School of Economics are hereby invited to join the running team. But not only our school

will compete in the Erasmus Charity Run team; faculty and students from all departments of Erasmus University are also kindly asked to join in this mutual effort. But best be quick: registration will close as soon as a team of 500 runners has registered. Please note: special weekly training sessions will be organized for all registered participants. Also worth noting is the special classification that will be made public of all athletes participating in the Erasmus Charity Run.

Running for Erasmus Education Fund

As an extra incentive to dust off your running shoes and start training: the efforts of your sporty achievements will go to a charitable organization. In previous years, the money collected by the athletes was handed over to the Erasmus Education Fund. This charity organization brings together funds for talented students who can't afford a further education. During the Erasmus Charity Run last year the stunning amount of €13,400.51 was amassed. This sum was then doubled by the Executive Board of Erasmus University and handed over to the education fund.

For more information, please check:

www.erasmuscharityrun.nl



Want to make a difference?

Since 2010 the Erasmus Education Fund has been collecting funds for talented young students from all over the globe who are unable to pay for their further education. The fund supports various special academic initiatives and students, coming from impoverished backgrounds, can apply for a direct scholarship.

Funding for the Erasmus Education Fund is raised among students, alumni and other interested persons or organizations who want to make a difference. Some student associations make it a team effort to collect funds each year. And alumni donate generously to the Erasmus Education Fund, because they are aware of the fact how future students can benefit from the education they enjoyed themselves.

There are various ways to sponsor the Erasmus Education Fund. Hosting a charitable event – such as the Erasmus Charity Run – for the education fund is one possibility. But one can

also become a regular donor and transfer a sum to the bank account of the fund on a yearly basis. Another way to support the Erasmus Education fund is leaving money after you have passed away. It's even possible to add sizeable sums to the coffers of the Erasmus Education Fund and being recognized for your charitable deed by having a scholarship named after you.

Dozens of students have been able to obtain their bachelor's or master's degree because of the funding they had received from the Erasmus Education Fund. These students and alumni know that your donation to the Erasmus Education Fund made a difference. They can now shape the world as the leaders of the future generation.

More information about applying for a scholarship or on becoming a donor of the Erasmus Education Fund can be found at: www.erasmuseducationfund.nl.

**'Now it's possible
to expand
research into
marco risks'**



Chair in honor of Johannes Witteveen

An interview with
Professor Casper de Vries

Erasmus School of Economics has recently established the H.J. Witteveen Chair, in honor of the contributions of Professor Johannes Witteveen in the field of the national and international financial-economic policy debate and for his contributions to the Dutch and world economy. The Chair, which was realized thanks to the efforts of the Board of Recommendation, is linked to the incumbent holder of the Chair of Monetary Economics at Erasmus School of Economics, Professor Casper de Vries.

What does it mean to you hold the endowed chair in the name of Professor H.J. Witteveen?

I am particularly delighted that the H.J. Witteveen Chair has been established at Erasmus University Rotterdam. Rotterdam has a special history when it comes to monetary macro-economics. In the thirties the Netherlands School of Economics was the odd man out, arguing against the golden standard. A key debate about macro-economics was fuelled from Rotterdam in the fifties involving Koopmans, Holtrop, Witteveen and Tinbergen. Monetarism entered the Netherlands via Rotterdam. I hope to be able to continue and build on this unconventional tradition and to keep on reviving with new ideas and insights.

What kind of possibilities does this chair offer to you?

With the Chair it becomes possible to expand research into macro risks and monetary economics and to refresh the economic policy debate with novel insights. The recent credit crunch and the euro crisis have demonstrated that research into monetary and macroeconomics requires a more pragmatic and versatile approach. For instance, take the aging of society or the flex workers in the labor market. Both developments harbor multiple problems that need to be tackled with different approaches. This perfectly fits into the pragmatic Rotterdam tradition.

Can you tell us more about the research agenda which relates to this chair?

The H.J. Witteveen Chair's research agenda focusses on how major shocks in the financial sector affect the macro-economy. Monetary and financial markets act as originators of shocks, but also function as shock absorber. This dual role provides fascinating questions for research. For example, in a monetary economy there exists a fine line between the micro-economics of confidence and macro-economic bubbles. Another interesting issue is the endogeneity of economic policy and the macro-economy (since policy and the macro-economy interact and therefore are difficult to separate). This creates endogenous uncertainty and poses difficult questions for econometric evaluation. A long list for sure, but many of these topics are related and play an important role in the current macro environment. In

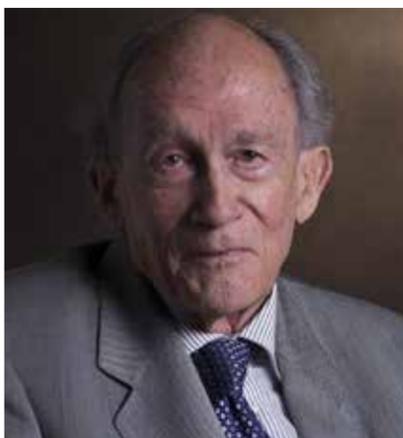
January 2015 Mario Draghi led the European Central Bank into a new era, committing to a quantitative easing (QE for short) program worth at least 1.1 trillion euros to counter the threat of a deflationary spiral. Dutch central bank president Klaas Knot reiterated his concerns about the 'unintended' side-effects of the program, saying QE could fuel asset bubbles and discourage eurozone governments from implementing economic reforms. Were you as sceptic as he was?

In January 2015 Mario Draghi led the European Central Bank into a new era, committing to a quantitative easing (QE for short) program worth at least 1.1 trillion euros to counter the threat of a deflationary spiral. Dutch central bank president Klaas Knot reiterated his concerns about the 'unintended' side-effects of the program, saying QE could fuel asset bubbles and discourage eurozone governments from implementing economic reforms. Were you as sceptic as he was?

On this issue I tend to side with the DNB president Klaas Knot. First, the recovery was already underway and it is not the ECB's role to stoke the fire. Apart from the bubble building in equity markets, the program also distorts bond markets. The all out government bond purchases by the ECB pushed interest rates to zero and below. This has major ramifications for the valuation of the liabilities of pension funds and life insurers. The supervisors, who are mostly part of the same central banks that implement this policy, hardly recognize this perverse implication. The regulatory schemes pretend that the market interest rates are a reflection as to how the market sees the future, but forget to notice that this market is manipulated by a dominant monopolist, in case the ECB.

Meanwhile, we speak as of June 2015, the Dutch consumer-led economic recovery is speeding up as low borrowing costs and a weaker euro deliver an added boost. Can this be attributed to the European Central Bank's asset-buying program for the euro area?

When the ECB announced its plan for the QE program, the recovery had already taken off due to the 50% decline in oil prices in the summer of 2014. From QE programs in the USA, UK and Japan, we know that the stimulus works primarily



Johannes Witteveen (1921) started as a student at the Netherlands School of Economics (NEH) in 1939, the predecessor of Erasmus University Rotterdam. He graduated in 1947 with honors under supervision of Prof. Jan Tinbergen. Together with Tinbergen Johannes Witteveen helped shape the Dutch Bureau for Economic Policy Analysis. In 1948 he was appointed as full professor at the NEH. In 1963 Witteveen became the Minister of Finance in the Marijnen Cabinet. After the demise of this cabinet, Witteveen reentered the House of Representatives and became an endowed profes-

sor of political economy at the NEH. In 1967 he returned as the Minister of Finance and Deputy Prime Minister, this time serving in the Cabinet De Jong. From 1973-1979 he was the Managing Director of the International Monetary Fund (IMF) in Washington. Furthermore he held many positions in supervisory boards of major international and Dutch companies. Decades after his retirement, he is still a respected economist with op-eds in the Financial Times. Recently he shared his ideas with the IMF-board, persuading them to take a larger role in the European debt crisis.



Casper de Vries holds the chair of monetary economics at Erasmus School of Economics. He is a fellow of the Tinbergen Institute, alternate crown member of The Social and Economic Council of the Netherlands (SER) and an advisory member of the Dutch Scientific Council for Government Policy (WRR). His graduate training was at Purdue University after which he held positions at Texas A&M University, K.U. Leuven and more recently at Chapman University. Casper de Vries' research focusses on international monetary issues like foreign exchange rate determination and exchange rate risk, the issues surrounding the Euro, financial markets risk, risk management and systemic risk. In 2011 Casper de Vries was presented the university Prize for Education by Erasmus University Rotterdam. The 'Annual Plan

System' he conceived has resulted in an innovative way of teaching, studying and administering examinations at Erasmus University Rotterdam. Prof. Casper de Vries recently chaired the independent National Committee on Insurance. The committee investigated the performance and future of the insurance industry. The report suggested decentralized solutions for the large scale miss selling issues from the past. Going forward, the committee advised to devise lighter insurance contracts to cater to the demands from a flexible workforce (such as disability insurance to cover training expenses for a new occupation and pension products with variable contributions). In March 2015, the Committee presented the results of its study to the Dutch Minister of Finance, Jeroen Dijsselbloem.

through the weakening of the exchange rate. The positive effects of a depreciation, however, take time before these reach the real economy. At first, the effect is actually negative. Initially, a depreciation makes the already contracted imports more expensive (if the price is fixed in the foreign currency). Only later on do you see a rise in new orders from abroad and less demand for foreign produce. This is the so-called J-curve effect. Things get worse before they get better. I therefore doubt that the euro economy in the early months of 2015 already benefitted from the weaker euro.

Given that the QE works mainly through changes in the terms of trade, the ECB might as well have chosen to do official intervention. This would have been a more direct instrument, creating less domestic distortions. It would also have been in the spirit of the Maastricht treaty, whereas buying government bonds is at least against the spirit of the treaty. It would also have placed the ball firmly in the court of the ministers of finance, as these would have to accord the intervention (as stipulated in the treaty). So that these ministers can no longer play hide and seek and put the burden of taking recovery measures on the back of the ECB.

Financiers and policy makers are spearheading the drive to create a vibrant eurozone corporate bond market, one that can replace retreating banks that are making fewer corporate loans. What are your ideas by the creation of this so called Capital Markets Union (CMU), which President Juncker regards as one of the European Commission's top priorities?

Once we have given our okay to monetary union, we need to continue on the path of integration to seal the internal market, notwithstanding popular feelings. Therefore, the banking union was a good idea. Given the financial crisis, it was also a necessary next step. To benefit optimally from the monetary union a capital market union is the following step. Capital markets in the euro area are still very much fragmented. This prevents Europe from

finding alternative modes of financing its industry now that we have regulated the banking sector so heavily. I am all for it, but count on a lot of opposition from vested interests. One of the sensitivities is that it requires the harmonization of many country laws, such as bankruptcy laws, which are quite different across the union.

In early March 2015 an independent committee, established at the behest of Dutch Finance Minister Jeroen Dijsselbloem and headed by you, presented a report on the future of the life insurance industry and how it can fulfill its societal role in perpetuity. Based on the Committee's findings what role in future will the insurance industry in your opinion play regarding risk management and the provision for long-term investments in the economy?

The life insurance industry is in decline, primarily due to low interest rates and competition from banks that can offer shorter term insurance with the same tax benefits (since 2008). Low interest rates will rise again and this will render life insurance products more attractive once again. The industry, however, needs to reinvent itself and develop flexible products that are better suited for the type of flexible labor market that we have today.

Traditionally, life insurance is heavily invested in the Dutch economy. From a macro perspective, one can question whether the regulatory pressure to invest in safe government bonds as a hedge against interest rate risk is a smart idea. On a per company basis, it may be sound to hedge the interest rate risk inherent to the liabilities (future payouts). Collectively, however, this can be a bad idea, as investments in the private sector may not receive adequate funding. Moreover, the flight to quality by switching into government securities also tends to worsen the boom bust nature of the business cycle. Life insurance, after all, is there for the long run and hence should finance longer term investments. <



Bankers bonuses

Does better
performance deserve
higher compensation?

By: Sjoerd van Bekkum • Illustration: Carolyn Ridsdale

The European Union is trying to curtail the bonuses for bankers. But bankers and even ministers protest. Are their appeals justified? Is there a better compensation feasible?

'Because what would you do if your bonus was capped in such a way? You'd ask for a higher salary'

Bonuses have been a big issue now for the past few years. And they promise to be so for the coming years. While London City and even ministers try to protect the compensations bankers receive, the EU wishes to 'prevent risk-seeking behavior'.

It is often feared that this kind of regulation may chase London City bankers to other countries, a less opportunistic argument: London City Bankers also argue: What would you do if your bonus was capped in such a way? You'd ask for a higher salary. That was almost certainly not the bill's sponsors' intention. Plus, by raising salaries we would be throwing out the baby with the bath water, because bonuses allow personnel costs to go up and down with the business cycle. Higher salaries would increase expenses during recessions, which would in turn actually increase the risk to banks. But the wording of the bill has other weaknesses in addition to these unintended side effects.

Bonuses are a mechanism to reward managers for better performance. Let us begin by assuming that we know what we mean by 'better'. Lower bonuses in relation to the base pay (whether or not as a result of pay increases) would mean that poor managers are punished less for 'poor' performance. That cannot be the bill's intention.

What is 'good' performance? That is the question. The wording of the bill is fairly clear: to limit the risk to banks. This is a good point, because securing a constant flow of credit is just as important to a productive society as a constant flow of gas, water and light. But at what point do managers get paid their bonuses, actually? In many cases, it is when the profits from shares reaches a certain percentage.



Sjoerd van Bekkum is an assistant professor of financial Economics at Erasmus School of Economics. Sjoerd van Bekkum examines how recent developments in the financial sector affect the functioning of the financial system. Such developments include public ones such as government decisions and (changes in) regulation, as well as private ones such as the compensation of bank executives and the development of equity indexation products. He has also studied corporate investment through real options.

For banks, this percentage is sometimes as high as 15 to 20 per cent, which means that managers have to take higher risks to earn bonuses. This makes any limitation to the bonus to prevent risks pointless, as long as no arrangements are made to address the stimulus provided by the bonus.

Ambitious goals should be compensated with generous bonuses. But is profit on shares really the best measurement for good performance? There is no proven positive correlation between stimuli to encourage shareholders and risk monitoring; in fact, there is a negative correlation. Instead of yield on shares, a number of studies recommend linking bonuses to other performance indicators. Although not all of these ideas would be easy to implement, objective measurements for bank risk are excellent standards. For example: why not link bonuses to the profits from bonds issued by the bank, or on the premium on credit default swaps that can insure these bonds? After all, the bank's profits go entirely to the shareholders, while losses are shared among bond holders. So the latter would benefit from limiting the risk, as is the intention of the proposed legislation. And if 100% risk limitation is a step too far for the shareholders, then a compromise may be to stop linking the bonuses to the profits on shares, but rather to the total profits of shares and debt.

All of these suggestions could be implemented with an arrangement that is no more complex than the current proposal. The idea of limiting risk through paychecks can also be applied to the total compensation package, not just to bonuses. So let us give George Osborne the benefit of the doubt this time, and consider European regulations that actually address the problem. <



Nina Zimmerlin
International Economics and Business Economics

'Rotterdam inspires me in every way'

Social Web Forecasting

By: Flavius Frasinicar and Alexander Hogenboom

Some time ago, the Economist published an article entitled “Can Twitter predict the future? – Internet forecasting: Businesses are mining online messages to unearth consumers’ moods, and even make market predictions”.

The article investigates the use of the volume of search terms in Web search engines and of natural language analysis of the information present on the Social Web in order to predict various economic variables (e.g., product demands, unemployment rates, stock prices, etc.). While search terms volume help spot various trends, natural language analysis of the Social Web has a greater disruptive potential for making market predictions. In this light, the time has come to start using the wealth of information available to us through the Social Web to our advantage.

The current Web is an abundant source of information that is able to satisfy the needs even of the most demanding information seeker. For more than a decade, search engines have proven extremely useful in finding the desired information, but being able to exploit search information for prediction purposes is a relatively new application domain. Hal Varian, Google’s chief economist, found that fluctuations in the volume of Google searches for certain products preceded fluctuations in the sales for those products. Other researchers have shown that the volume of job-related terms is a good predictor of unemployment rates or that mentions of political parties on Twitter correlate with the electoral results.

With the advent of the Social Web (also known as Web 2.0), there is an increasing amount of user-generated content (UGC) on the Web, which, if analyzed for sentiment can help in making market predictions. For example, sentiment changes in Twitter messages have shown to predict swings in the share-price index of Dow Jones Industrial Average. The sentiment analysis algorithm developed by Dr Johan Bollen, of Indiana University Bloomington, has been licensed to Derwent Capital Markets, a hedge fund company, to guide their investments. Marketing companies as WiseWindow

also started to tap into the Social Web for making forecasts about various products.

While natural language analysis has a higher disruptive potential for making predictions than the volume of search terms, it faces challenges as, for example, being able to recognize sarcasm, double meanings, or cultural differences. Nevertheless, as users get increasingly accustomed to share highly personal information on the Web, with marketing companies watching their every step, the high volume of UGC on the Web will allow machines to make previously unthinkable predictions.

The traditional view that the economy drives the social mood is currently being challenged. Based on his work on using social mood for market predictions, Dr Bollen suggests that the socionomic theory of Robert Prechter from three decades ago can be considered as a viable explanation for the observed mood-market relation. Prechter’s socionomic theory states that aggregate social mood drives financial, macroeconomic, and political behavior, in contrast to the conventional view that events drive social mood.

Being able to make use of the information available on the Social Web in order to capture what drives people’s behavior can prove to be a business’ competitive advantage. On a more extreme note, not being able to do so, can eventually lead to bankruptcy, in case a business fails to identify crucial issues in the market. Existing predictive models need to be rethought, making sure that the Social Web variables like sentiment are appropriately considered in the forecasting process. These needs would in their turn ask for further development of the natural language analysis of the Social Web, providing robust solutions for the current issues as for example ambiguity, irony, and punning.



Flavius Frasinicar is an assistant professor economics & informatics and is affiliated with the Econometric Institute of Erasmus University Rotterdam. He is a member of the editorial board of the International Journal of Web Engineering and Technology (IJWET). His research focuses on the confluence between economics and informatics. In particular he studies the application of information systems and artificial intelligence for the development of intelligent decision support systems.



Alexander Hogenboom is a PhD candidate at Erasmus University Rotterdam. He is affiliated with the Erasmus Studio, the Econometric Institute, and the research center for Business Intelligence at the Erasmus Research Institute of Management. In his research, Alexander explores the utilization of methods and techniques from informatics for facilitating or supporting decision making processes. His current research interests relate to intelligent systems for information extraction, focused on tracking and monitoring of economic sentiment.



Erasmus school of Economics makes it happen!

Our slogan is *make it happen!* But how do individual research groups of Erasmus School of Economics put this principle into practice. In what way do students profit?



To determine who becomes a (successful) **entrepreneur** and who doesn't

We seek to reinvigorate the approach to the determinants of entrepreneurial choice (i.e. who becomes an entrepreneur and who doesn't?). This is done by introducing methods, theories and measurements from biology (e.g. genes, hormones) and psychiatry (e.g. using the diagnostic and statistical manual of mental disorders for non-clinical purposes). This implies that entrepreneurship is used as a test case to introduce well-established dimensions of individualism in economic decision-making. - *An ambition of the Applied Economics, Entrepreneurship Group*



To **interact** with the **business community**

We believe it is very important that our students interact with the business community and understand current business issues. Together with Deloitte, EY, KPMG and PwC, we offer special training events for our students. In addition, CFOs of large companies like Philips, Heineken, Unilever and Amsterdam Airport Schiphol share their views with our students. - *An ambition of the Business Economics, Accounting, Auditing & Control Group*



To better understand the evolution of markets with **great impact on society**

We focus primarily on the strategic decisions of firms operating under uncertainty. These decisions range from analysing the effects of investments in new and uncertain technologies to the benefits of early movers versus late movers in uncertain markets.

It is our goal to better understand how markets evolve in order to make students and firms better aware of current and future market opportunities and how to benefit from these opportunities. By gathering and combining data from firms, regions, and countries, we gain insight into the decisions of firms and their impact on performance.

We strive to understand the evolution of markets that have an impact on society, such as banking and the pharmaceutical industry. We have done this, for instance, by collecting the entry data of all foreign banks that have entered Eastern European countries since 1989. The networks of these foreign banks in Eastern Europe allow us to answer important questions, such as: 'Are firms that enter first more successful or is it better to have a wait-and-see approach and learn from potential mistakes from the first mover?' and 'Which geographic network configuration is most likely to lead to success?' Our ongoing research is able to provide answers to these questions and serves as a starting point for discussions with with students and members of the business and policy community. - *An ambition of Applied Economics, Applied Industrial Organization Group*



To explore the **cutting edge** of econometrics and management science

The Econometrics and Management Science research programme covers applied economic research in different areas, such as applied econometrics, applied statistics, operations research, quantitative logistics and computer science. The research is problem-based and covers various fields of economics.

The Econometrics subgroup specialises in data/driven econometric research with the help of advanced statistical methods and techniques. This research aims to provide economic agents, such as policymakers, companies and investors, with quantitative insights so that they can make the right decisions. The group's mission is to provide sound methodologies and procedures for different core aspects of these kinds of decision-making issues. This involves data gathering, econometric specifications, parameter estimation, model evaluation and prediction. The research is conducted at the cutting edge of existing econometric techniques and in fields such as macroeconomics, finance and marketing. The aim is to conduct quality econometric research in the years to come with important innovations in the techniques/fields in which they are applied.

The Management Science subgroup wants to operate at the frontier of developments in transport, logistics and supply chain management, while interacting with business intelligence systems founded on information and communication technology. It also wants to make an important contribution to both management science and management practice. There are four focal points to the research, namely transport, supply chain management, management of healthcare and business intelligence systems. Channels for valorisation include working closely together with Dutch railway company NS on transport research and, for healthcare management, working together with institutions in the field of transplant medicine. - *An Ambition of the Econometrics en Management Science Group*



To use **behavioural insights** to improve financial decisions, *Nudging in Finance*

In the *Nudging in Finance* project, we work with students to incorporate behavioural insights into policy interventions that improve individual decision-making and social welfare.

The science of using behavioural insights to inform policy design (i.e. nudging) is a development in the social sciences that has found wide acclaim in both academic and policymaker circles. Examples include the recent creation of a behavioural insights group at Harvard University and the 'nudge unit' that was introduced in the British government.

Nudging in Finance is a joint project with Harvard Business School and the Dutch Ministry of Infrastructure and the Environment. Our students are given lectures by international experts and get to work together with Harvard Business School students to design nudges for the Ministry of Infrastructure and the Environment. These nudges will be implemented at the ministry and as such the project has a direct and positive impact on policy in the Netherlands.

Our students take part in the project by participating in the master's seminar *Nudging in Finance*. As part of the course, students will interact with policymakers at the Ministry of Infrastructure and the Environment and with Dutch MPs and provide them with the background on and potential of nudging for policy. There is also a university-wide event at Erasmus School of Economics where renowned nudge scholar Professor Max Bazerman of Harvard Business School presents an overview of the theory and practice of nudging. This event gives students the opportunity to interact with leaders in both academia and the private sector.

The project will also increase the visibility of nudges in the Netherlands. The course is cutting edge and the first of its kind to focus on financial decision-making. The course teaches students the ropes of nudging both in theory and in practice. - *An ambition of the Business Economics, Finance Group*



For our alumni to **improve** organisational **decision-making**

Many of our alumni will accept management positions. The master's specialisation Economics of Management and Organisation is an ambitious programme aimed at students who want to make a difference during their career. The combination of economic theory, empirical techniques and practical applications provides valuable insights into how firms should be run. The skills and tools that students acquire in the programme allow them to create solutions not just for the problems that managers face nowadays, but also for the problems they will face in 20 years. - *An ambition of Economics, specialisation Economics of Management and Organisation*



For our graduates **to become excellent policy economists** who are able to apply state-of-the-art economic theory and research methods to address the important policy issues of our time.

Our students learn fundamental economic theories and applied empirical tools that are necessary to become a policy economist. Our graduates work as policy economists in government, advisory and supervision institutes, research institutes and non-profit organizations, such as the Dutch Ministries, CPB Economic Analysis, the Dutch central bank, the OECD, competition and financial supervision authorities and semi-public and private applied research institutes. - *An ambition of Economics, specialisation Policy Economics*



To educate the top marketers of the future

Every day, our world-class marketing faculty members give their best to create highly stimulating classroom experi-

ences and to equip their students with the skills to become the top marketers of the future. We have trained many former and current top executives, and excel at bringing business knowledge into the classroom through guest

lectures, workshops, and in-company projects. The intellectual rigor and skills provided by our Economics degree in Marketing ensure that our alumni stand out from other graduates and are in high demand. Our students gain in-depth knowledge of the latest developments and innovati-

ons in the field, such as performing big-data analyses or executing marketing strategies in the digital age that we live in. It is our ambition to prepare our students to lead and build the brands of the future.



To develop the most realistic economic models

We explore how insights from psychology can lead to descriptively more realistic economic models. We primarily concentrate on decisions made under uncertainty and intertemporal choices. The strength of our group is in the interplay between theoretical and experimental research. We have developed methods that make it possible to apply new theories of decision-making. We have a special interest in applications to health. - *An ambition of the Applied Economics, Behavioural Economics Group*



To challenge every student, even the best

Our standard programme is challenging, but we also run an Honours Programme together with PwC. Only the best students can get on to this programme, which includes business events, additional courses and a weekend abroad. This programme challenges these students to maximise their potential. - *An ambition of the Business Economics, Accounting, Auditing & Control Group*



To better understand the causes and consequences of socio-economic disparities in health

Around the world, health differs according to socio-economic status. The socially and economically advantaged enjoy better health, irrespective of whether it is measured by morbidity, disability or mortality. Even in the Netherlands, for example, men and women with a university degree can expect to live six to seven years longer than those with a basic education only. The difference in the expected number of years in good health is even greater: between 16 and 19 years.

Understanding the causes and the consequences of such strong socio-economic disparities in health is the crux of the research agenda of the health economics group at Erasmus School of Economics. In the past, much of our work has been concerned with the measurement of health inequalities. Despite the accumulation of evidence across a range of disciplines that clearly documents health inequalities, remarkably little is known about the causes of the gradient.

Our research is focused on two relatively new insights. First, that a life-cycle perspective is crucial to understanding the socio-economic gradient in health. One notable observation is that socio-economic differences in health tend to widen until late middle age before narrowing in old age. This is true both in the Netherlands and in the US, two countries with very different systems of health and social protection.

Second, it is likely that the relationship is bidirectional, making careful study design essential to identify causal effects. Lower income individuals are more likely to both suffer a health shock and to leave employment as a result. In the Netherlands, where disability benefits are connected to prior earnings, the income loss arising from ill health is constrained. In the UK, for example, where disability benefits are paid at a flat rate, the average income loss is far greater. This policy difference helps explain why the Netherlands has one of the lowest degrees of income-related health inequality in Europe, while the UK has one of the highest.

The mechanisms will only be understood through the construction and testing of theories. The mechanisms generating the effects remain largely hidden in a 'black box'. Conceptual understanding of the reasons why health varies with specific dimensions of socio-economic status requires the elaboration and testing of theories of health behaviour. The Erasmus School of Economics health economics group is currently working with the University of Southern California (USC) on a US National Institute of Aging project that aims to provide a greater understanding of how education, wages and wealth impact health behaviour through occupational choices and lifestyles.

A initiative sponsored by Harvard identified the most pressing research question in the social sciences as: 'How can we encourage people to look after their health?' However, the continued existence of substantial socio-economic disparities in health alongside increasingly effective medical treatments for a wider range of conditions suggests a more refined question. How can we encourage individuals of low socio-economic status to take better care of their health? The question of what we can do to address health inequalities is one that is likely to remain high on the research agenda. - *An ambition of the Applied Economics, Health Economics Group*

Double the fun double degrees

Erasmus School of Economics is about innovative education. About the application of theoretic knowledge. About only the best lecturers and students around. Here, in the European capital of economics and logistics, inspiring lecturers are aiming to achieve a high level of excellence in teaching for students from all over the world.

We deliver confident, skilled and inquisitive graduates, ready to embark on inspiring careers that make a significant contribution to society and bring out the very best in themselves.

We make an effort to recruit top-quality and motivated students, to help them select the right course and support them where needed during their studies.

Double degree programmes

We like to challenge our students. To do so, we provide no less than three double degree programmes within Erasmus University Rotterdam. With the unique double bachelor programme BSc² Econometrics/Economics, we enable students to complete two entire three-year bachelor programmes in four years. It combines the insightful skills of the Economics programme with the quantitative skills of the Econometrics programme.

In co-operation with Erasmus School of Law we offer a

double study in which students obtain a degree in Law and Economics (only in Dutch) and together with the Faculty of Philosophy we have joined hands in the development of a challenging programme in both Economics and Philosophy.

Besides this we also invest in double degree programmes with our international partners. Giving students the opportunity to conduct a part of their studies at their home university and a part of it abroad. Our partners in these programmes are Sung Kyun Kwan University - South Korea, Universitas Gadjah Mada - Indonesia, University of Trento - Italy and the Higher School of Economics in Russia.

Extra extracurricular honours classes

For our high-achieving students, looking for an extra challenge, we provide several extracurricular activities. Within the bachelor phase, students can partake in the Bachelor Honours Class to broaden their horizons, extend their knowledge and further develop their skills. Ambitious students with the motivation and potential to start a career in research in academia or a research institution, can opt for the Bachelor Honours Research Class. Students of the research class will be part of an academic team that works on existing and/or new research. Within the master programmes, top students with qualitative, quantitative as well as social skills, are invited to apply for master classes, such as the PwC Honours Master Accounting or the Master Class Actuarial Sciences.



6 Bachelor's degree programmes

- BSc International Bachelor in Economics and Business Economics
- BSc International Bachelor in Econometrics and Operations Research
- BSc Fiscale Economie (in Dutch)
- Double degree BSc²
- Double Degree Economics/Philosophy
- Mr. drs. Programma voor Economie en Rechten (in Dutch)

4 Master's degree Programmes

- MSc Econometrics and Management Science
 - * Econometrics
 - * Operations Research and Quantitative Logistics
 - * Quantitative Finance
 - * Quantitative Marketing
- MSc Economics and Business
 - * Behavioural Economics
 - * Economics of Management and Organisation
 - * Entrepreneurship and Strategy Economics
 - * Financial Economics
 - * Health Economics
 - * International Economics
 - * Marketing
 - * Policy Economics
 - * Urban, Port and Transport Economics
- MSc Accounting, Auditing and Control
- MSc Fiscale Economie (in Dutch)

Study programmes at Erasmus School of Economics

2 Research Master's degree Programmes

- MPhil in Economics
- MPhil in Business Research

4 Post-experience Master programmes

- Executive Master of Finance and Control (in Dutch)
- Maritime Economics & Logistics
- Master City Developer (MCD) (in Dutch)
- Master in Urban Management and Development

Impressive debate

with Children's Peace Prize winners and Desmond Tutu

In celebration of the tenth anniversary of the International Children's Peace Prize, the Economic Faculty Association Rotterdam and Erasmus School of Economics organized a memorable debate in the Auditorium of Erasmus University Rotterdam on Monday 17 November 2014.

Approximately 600 attendees, including many students from not only the university but secondary education too, debated with Thandiwe Chama, Om Prakash Gurjar, Baruani Ndume, Francia Simon, Chaeli and Kesz Valdez, winners of the International Children's Peace Prize from previous years. Guest of honor was Emeritus Archbishop Desmond Tutu, winner of the Nobel Peace Prize in 1984.

The afternoon was opened with a beautiful dance performance by students of Theaterschool Hofplein Rotterdam, the largest drama academy for children, adolescents and young adults in the Netherlands, followed by speeches of Alderman Hugo de Jonge (portfolio Education, Youth and Care) and Marc Dullaert, Children's Ombudsman, director of the Kids Rights Foundation and founder of the International Children's Peace Prize. Hugo de Jonge praised the community involvement of the students of the EFR (Economic Faculty association Rotterdam) in organizing this debate. In their own particular way the recent winners debated with the audience how they are committed to the rights of the child. The whole program was professionally moderated by former Prime Minister Professor Jan Peter Balkenende and alumnus Arne Gast.

During the debate, students were given the opportunity to ask questions to the Children's Peace Prize Winners and Desmond Tutu. To the question how young people can stay inspired as they get older and suffer disappointments, Tutu answered with the following words: 'These young people have been inspired to want to make the world a better place. It can be, but they need your help. Because this is the only home we have. If we mess it up we're done.'

The Children's Peace Prize winners also left an overwhelming impression. 'It was very impressive to listen to such inspiring young adults. They have been through so much, and their passion and dedication is an example for many students.' Said one of the students of Erasmus School of Economics after the debate.



American girl Neha Gupta tenth International Children's Peace Prize winner

The International Children's Peace Prize 2014 was won by Neha Gupta (18). The prize was presented by Desmond Tutu, in The Hague in the presence of His Majesty King Willem-Alexander, winner of the Nobel Peace Prize 2014 Kailash Satyarthi and Children's Peace Prize winners from previous years. Winner Neha Gupta lives in Philadelphia (US) and is of Indian descent. KidsRights received 46 nominations from 25 different countries. From this group, the Expert Committee chose Neha as the winner of the International Children's Peace Prize 2014.



Desmond Tutu, Philip Hans Franses, Marc Dullaert

A girl with a mission

During her annual visit to an orphanage in India, Neha realized that the children there did not have the same rights as she did. In order to help these vulnerable children, at the age of nine, she set up her own foundation: Empower Orphans. What started as a local fund-raising campaign grew into an organization that has now collected over 1.3 million dollars and helped more than 25,000 vulnerable children. Neha stands up for access to basic education and healthcare. Her efforts are directed not only at children in India, but also in her own region of Philadelphia (US), where many children live below the poverty line. Neha is proof that children can set the world in motion to help other children: "My message to the world is to convert empathy into action and to make a difference in people's lives."

KidsRights Index: Special collaboration between KidsRights and Erasmus School of Economics

In 2013 Children's rights organisation KidsRights and Erasmus School of Economics presented the first KidsRights Index. KidsRights took the initiative to develop an index that takes a scientific approach to charting the status of the implementation of children's rights worldwide. Erasmus School of Economics and the International Institute of Social Studies were approached to help create the index. In developing this index, the partners used existing data: quantitative data published annually by UNICEF in the State of the World's Children and qualitative data for each country that signed the UN Convention on the Rights of the Child in 1989, from the Concluding Observations published by the UN Committee on the Rights of the Child. The KidsRights Index is a global measuring instrument that places emphasis on compliance with the rights of the child.

Erasmus School of Economics Bachelor Honours Class



Erasmus School of Economics offers their best performing and most committed students the opportunity to participate in the Bachelor Honours Class, providing them extra challenge in addition to the regular curriculum.

The goal of the program is to extend economic knowledge and to increase academic skills. Participating students follow intense and interactive guest lectures by experts in the fields of science, business and politics concerning various current economic issues. They also

write and present academic papers, participate in cultural activities and work on their personal development within the setting of the Honours Class.

"Each class is like wine: the quality differs each year. More than any other factor, the quality of the grapes determines the quality of the wine. In turn, the quality of the grape is affected by variety as well as weather during the growing season, soil minerals and pruning method", says program instructor Brigitte Hoogendoorn.

Erasmus Junior College draws hundreds of pupils to campus

Yearly a few hundred primary school pupils attend the introductory lectures in Economics, Philosophy, Psychology and Medicine. This year the dean of Erasmus School of Economics, Professor Philip Hans Franses, opened the Erasmus Junior College lecture series.

Prof. Franses explored the concept of 'science' with the children, explained what goes on at a university, as well as when professors wear their ceremonial gowns.

New lecture series under development

Each lecture series has its own character. In the Economics series, the children are introduced to money, markets, auctions and people's decision behaviour. Philosophy gives them tools to develop a more agile mind and focuses on teaching them how to think, present arguments, listen and examine things from a different perspective. Psychology is all about testing hypotheses that relate to how our mind works. And Medicine goes a step further, challenging the pupils to set up and execute a study of their own in small groups.

Skadi rowers win 132nd Varsity

For the first time since 2010, Skadi has taken home the gold at the classic Varsity regatta. The Rotterdam crew ultimately came out tops in an electrifying end race. Leiden's Njord and the Delft crew Proteus-Eretes came in second and third respectively.

The boat the Rotterdammers competed in is named Five in a Row – a reference to Skadi's string of Varsity victories between 2006 and 2010. In this period, the rowing club won the prestigious rowing contest for student clubs no less than five times in a row. After this, for many years the Amsterdam club Nereus ruled supreme on the Amsterdam-Rhine Canal. Three kilometres into the race, the gentlemen of Utrecht rowing club Triton, who had been marked as the favourites for this 132nd edition of the Varsity, had to acknowledge the superiority of the Skadi crew. This allowed the Rotterdam rowers David Fox, Floris Von Bonninghausen, Jasper Tissen, Reinier Spillenaar Bilgen and coxswain Kimberly Kamp to write a new chapter in Skadi's illustrious history, chalking up the ninth Varsity victory for their club.



'Nude, but not naked'

A large number of people came out to enjoy the 132nd Varsity, which was held on the Amsterdam Rhine Canal near the town of Houten in Utrecht. As is tradition, the members of the winning club swam towards their 'Old Four' to congratulate them, wearing nothing but a tie. Of course, this elated tribute to the Skadi crew had to be followed up with a more formal reception of the winners on campus. The eight-member Skadi board was presented with an honorary banner by Erasmus Sport.



First diplomas for Surinamese students

Recently, the first of in total 24 Surinamese students have successfully defended their thesis at Erasmus School of Economics. Dean Prof. Philip Hans Franses presented Prekash Jhabboe and Marylin Tjon-A-Loi with their degree certificate and a bouquet of flowers. Erasmus School of Economics has set up a temporary partnership with Anton de Kom University in Paramaribo (Suriname). The Surinamese students first complete a transfer year at their own institution, after which they move to Rotterdam for six months to complete Terms 1 to 3 of the Accounting, Auditing and Control MSc programme. The students subsequently round off their degree programme in either Suriname or the Netherlands, depending on their thesis supervisor. A number of students have gone on to successfully complete this programme, both in Paramaribo and Rotterdam.

In the media

Our prominent academics regularly appear in the media: on television, radio and in newspapers and magazines. A selection of these appearances can be found below.

Is a basic income the solution for growing inequality? Bas Jacobs, NPO 1 **Is a job in your genes?** Willem Verbeke, NRC Weekend **Pension information will be readable** Job Swank, Het Financieele Dagblad **Poker, a game of chance or a game of skill?** Rogier Potter van Loon, BNR Nieuwsradio **Does the pension system still fit in a changing society?** Benedict Dellaert, Economisch Statistische Berichten **Discovering financial events** Frederik Hogenboom, BNR Nieuwsradio **After trust comes the growth** Job Swank, BNR Nieuwsradio **Does the digitization contribute to the growth of the economy?** Casper de Vries, BNR Nieuwsradio **Save for the dead** Peter Wakker, Elsevier **Let there be light in 2015** Philip Hans Franses, Economisch Statistische Berichten **The right balance: Economics of happiness** Robert Dur, Euronews **To pe or not to pe** Dick van Sprundel, Taxlive.nl **Declining oil prices good for economy** Ivo Arnold, NPO Radio 1 **A prudent government doesn't want to create uncertainty** Ivo Arnold, NPO Radio 1 **Cabinet misdiagnosed the economic situation in the Netherlands** Bas Jacobs NPO Radio 1 **Euro Project only half finished** Bas Jacobs, Financiële Telegraaf **The economy of love** Robert Dur, Economisch Statistische Berichten **Ivo Arnold on the purchase of government bonds by the ECB** Ivo Arnold, NPO Radio 1 **Peter Kavelaars on income tax reduction** Peter Kavelaars, BNR Nieuwsradio **Rich people should pay more taxes** Peter Kavelaars, BNR Nieuwsradio **Cabinet lends millions to academics** Roy Thurink, Volkskrant **I understand why I sell, so I sell better** Willem Verbeke, Businessclass **Rotterdam is finished with low-traffic center** Giuliano Mingardo, Algemeen Dagblad **Is the current pension system future-proof?** Fieke van der Lecq, BNR Nieuwsradio **The Netherlands can be happier than Denmark** Ruut Veenhoven, NRC Handelsblad **'Norwegian model' shows cracks** Bas Jacobs, Het Financieele Dagblad

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A portrait of Bas Karreman, a man with short brown hair and blue eyes, wearing a dark blue suit, white shirt, and dark tie. He is smiling slightly and looking towards the camera. The background is a soft, out-of-focus brown. A yellow triangle is in the top right corner.

Erasmus School of Economics is defined by its groundbreaking research and excellence in education. We are leaders in our field. The founders of econometrics. Strong in behavioural economics. We are committed to finding solutions for today's and tomorrow's economic issues by challenging yesterday's economic theories as well as building from and valorising existing models and methods. We know our ambitions are as bold as our opinions, but our performances and publications show: we make it happen. Just like the countless leaders in business, research and politics did, who started their careers in Rotterdam. Just like our students will do, as they are taught and inspired by the best.

Bas Karreman
Assistant Professor of
Applied Economics

Back to Bone

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