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| 7th Lindau Meeting on Economic Sciences  Lindau Nobel Laureate Meetings |  |
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| Basel, 5 September 2019 | |
| This is a recommendation letter for Mohammed Ait Lahcen. | |
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It is a true pleasure for me to write a letter of recommendation for Mohammed Ait Lahcen whom I am nominating for the 7th Lindau Meeting on Economic Sciences.

I know Mohammed Ait Lahcen in my former role as his PhD thesis advisor within the PhD program for Applied Economics at the University of Basel. I first met him when he applied for the program. I quickly realized that he has the talent, the skills, and the motivation necessary for writing a high quality Ph.D. thesis. After five years working with him, I can say that Mohammed was one of the best students I ever had. I strongly believe that his skills and motivation will allow him to successfully pursue an academic career and produce high quality research in economics.

Mohammed holds a Master of Science degree in Economics from the University of Lausanne, Switzerland, and a Bachelor degree in Finance and Accounting from ISCAE Business School, Casablanca, Morocco. He had a first experience in the finance industry before pursuing a PhD degree. As part of our PhD program, Mohammed successfully completed the Swiss Doctoral Program in Economics at the Study Center Gerzensee. This program provides core training in macroeconomics, microeconomics and econometrics in line with what is offered in the top US universities. He also attended several advanced courses in macroeconomics and computational economics.

In the last two years of his PhD, Mohammed was a lecturer in the undergraduate course Money, Banking and Payment Systems. He was also the teaching assistant, for two consecutive years, for my Master’s course in Monetary Theory. Mohammed was responsible for offering lectures and tutorial sessions, holding office hours, attending and grading students’ presentations, and writing and correcting the final exam. He also offered on his own initiative, for three consecutive years, Python programming tutorials to introduce undergraduate students at our University to computational economics. During his teaching work, Mohammed demonstrated the ability to work independently with great enthusiasm and performed his duties in a diligent and professional manner to the students’ satisfaction.

Mohammed obtained his PhD degree in April 2019 from the University of Basel with the highest honors (summa cum laude). His dissertation focused on how central banks can better implement monetary policy in developing economies characterized by sizable informal sectors, the financial exclusion of large fractions of the population and fiscal authorities lacking enforcement capabilities. The outcomes of his research will, in addition to being valued in academic journals, provide extremely valuable tools and frameworks to practitioners in developing economies so they can implement better policy outcomes.

In the first chapter of his dissertation, he built a theoretical framework to understand the long-run relationship between inflation and unemployment in the presence of a sizable informal sector. To do that, he integrates both an informal production sector and informal employment into a search theoretic framework. His work indicates that the presence of a large informal sector dampens the long-run effects of monetary policy on unemployment and output and hence affects the shape of the Philips curve. This result means that central banks in developing economies should take into account measurements of informal employment when setting long-run monetary policy targets.

The second chapter of Mohammed’s dissertation, a joint work with Professor Pedro Gomis-Porqueras at Deakin University, was recently accepted for publication at the prestigious Journal of Money, Credit and Banking. This chapter addresses the issue of limited access to the formal financial sector in emerging and developing economies. The authors built a theoretical model of money and banking where consumers face informational and physical costs in getting access to banks. The model offers useful insights on the effects of monetary policy on financial inclusion, welfare and consumption inequality.

Thanks to his research work, Mohammed was admitted to the highly competitive Fund Internship Program of the International Monetary Fund. He spent the summer of 2017 in Washington DC working with the Fund’s economists on a policy-oriented research project studying the role of labor market frictions in weakening the impact of commodity price shocks on the Chilean economy. The third chapter of his dissertation is based on his work there.

In addition to the three chapters of his dissertation, Mohammed is currently working on other projects with various co-authors. His research agenda focuses on the role of frictions in labor, goods and financial markets in developing countries, how these frictions result in phenomena such as informality, dollarization and financial exclusion; and what these frictions mean for the design and implementation of optimal policies and in particular monetary policy. Mohammed tackles these issues by writing theoretical models with deep micro-foundations, and calibrating and simulating these models using advanced numerical methods. I believe this line of research is very promising and that it will offer a better understanding of some of the most important macroeconomic and monetary issues specific to developing economies.

Mohammed is currently a Visiting Postdoctoral Researcher at the Department of Economics of Washington University in St. Louis. He is also visiting the Federal Reserve Bank of St. Louis where he works on a research project on the impact of Central Banks’ stabilization policy on the unbanked jointly with Christopher Waller, Executive Vice President and Director of Research. His research visit to the two institutions is funded by a research grant from the Swiss National Science Foundation.

Mohammed is very enthusiastic about research and is always looking for opportunities to present and promote his work and discuss his ideas with other economists. He already presented in several national and international conferences. He is also quite active in building his research network, which will help him greatly in his academic career.

Let me summarize. Mohammed is a highly skilled, hardworking, and creative young economist. He has also a very good understanding of the formal tools we use in economic research. I believe Mohammed has the potential to be one of the leading economists in Development Macroeconomics. In particular, his research agenda is very promising in helping address the monetary policy challenges facing developing countries. I am convinced that Mohammed will be a great addition to your conference. I can therefore recommend him without hesitation to attend the 7th Lindau Meeting on Economic Sciences.

Sincerely,

Aleksander Berentsen