January 31, 2013

Dear Jim,

I am writing t his letter in response to your request for identifying promising young researcher as NBER fellows. I would like to nominate Andrew Shephard who completed his Ph.D. at University College London under the supervision of Prof. Richard Blundell and Prof. J ean-Marc Robin in 2010. He was an Assistant Professor at Princeton from 2010 to 2012. He joined Penn in 2012.

Andrew's research agenda is ambitious and on the fron ier of modern labor and public economics. His most recognized research focuses on important real-world problems such as evaluating policy reforms of low income transfer schemes, reforming the income tax code, and implementing optimal taxation models. He has gained wide recognition in the profession for his highly ambitious work. He is an active participant of conferences and is frequently invited to present his research at top economics departments. He has published three papers in refereed journals, one of them in a top five journal. He has a strong pipeline of high quality working papers.

His most visible published paper - co-authored with Richard Blundell (UCL) and published in the Review of Economic Studies - considers the optimal design of low income support using a labour supply model. The analysis considers purely Pareto improving reforms and also optimal design under social welfare functions with different degrees of inequality aversion . The paper explores the gains from tagging and also examine the case for the use of hours-contingent payments. Using the tax schedule for lone parents in the UK as the policy environment, the results point to a reformed non-linear tax sched ule with tax credits on ly opt;imal for low earners. They are currently working on a new project which implements an optimal tax model in life-cycle framework.

Another promising paper is entitled "Equilibrium search and tax credit reform." Andrew develops an empirical equilibrium job search model with wage posting to analyze the labor market impact of UK tax reforms. The analysis shows that that the British Working Families Tax Credit and contemporaneous reforms increased employment, with equilibrium effects found to play a relatively minor role. As you can tell, Andrew would be a great asset to both the labor and the public economics group. He is a deserving candidate. Most importantly, he w ll clearly benefit from all the opportunities that an NBER fellowship entails. If you have any questions, please feel free to contact me. Best regards,

Holger Sieg

**Departmen t of Economics**

**160 McNeil Building**

**3718 locust Walk**

Philadelphia. PA 19104-6297