



Aureo de Paula is a Brazilian lecturer at the University College London. He has been awarded an European Research Council (ERC) Starting Grant for his project on "Econometric Analysis of Interaction Models." It is the second time a Brazilian researcher is awarded a starting grant by the ERC.

Aureo grew up in Rio de Janeiro and did his undergraduate and master's at PUC-Rio. He then went to Princeton University in the United States for his PhD.

His research focuses on the intersection of statistics and economics and he is mostly interested in the empirical characterization of economic models, especially those where individuals, firms and households interact. These types of models have received considerable attention in industrial organisation and, increasingly, in labor and development economics. Aside from more methodological aspects, Aureo de Paula has also worked on empirical projects dealing with various topics in applied microeconomics.

## Meet the researcher

# Interview with Aureo de Paula, Brazilian ERC Starting Grant awardee

**You have recently been awarded an ERC Starting Grant. Congratulations! Could you tell us a little bit about the research you are planning to conduct with this grant?**

Thank you. I hope to advance various projects in my working areas. In particular, I have a very exciting research agenda dealing with economic models where agents (firms, individuals, households) interact. An example are the models used in analysing the decision by firms to enter a particular market. Another example is the formation of networks among individuals and firms. In those models, it is not uncommon to see what we call "multiple equilibria": the models are not conclusive about the outcomes of interest and new techniques have to be devised to allow the extraction of information from the data.

**Can you tell us a little bit about the anticipated outcome of this research project? How will the general public benefit from it?**

These projects will yield a variety of outputs: from new methodological contributions to various articles on substantive empirical applications. Both will be relevant in areas such as industrial organisation or public finance and will serve as input to policy and scholarly analysis in those fields. They will hopefully help us to understand various aspects of economic life better, from mergers among firms to social networks.

**You are one of 287 successful ERC Starting Grant applicants. How did you find out about this grant?**

The ERC grants are very prestigious and well known in the academic community (especially in Europe). Various members of my department at University College London were contemplated with this award, so I heard about it and was incentivised to apply by many of my colleagues.

**Can you share any tips with our readers for a successful application to the next round of applications for an ERC grant?**

A successful application to a grant of this caliber requires a clear articulation of the impact of the proposed research. As important as clarity about the execution details for a particular research project is a convincing elaboration on the importance of the proposal: the "why" is as important as the "how".

**You have studied in Brazil and in the US and are currently working in Europe. Could you tell us more about your research career so far?**

I was very fortunate to have studied and worked with a phenomenal collection of academic economists. At PUC-Rio I was mostly interested in macroeconomics and, in particular, monetary economics. This was a very salient field for us at that point (I was in college when the Real Plan was implemented). I wrote senior and master theses on the topic under the



## European Research Council

Established by the European Commission

### About ERC

Set up in 2007 by the EU, the [European Research Council](#) is the first pan-European funding organization for frontier research. It aims to stimulate scientific excellence in Europe by encouraging competition for funding between the very best, creative researchers of any nationality and age. The ERC also strives to attract top researchers from anywhere in the world to come to Europe. It funds young, early-career top researchers (['ERC Starting grants'](#)), already independent excellent scientists (['ERC Consolidator Grants'](#)), and senior research leaders (['ERC Advanced Grants'](#)). The ERC operates according to an 'investigator-driven', or 'bottom-up', approach, allowing researchers to identify new opportunities in any field of research, without thematic priorities. In July 2013, ERC has selected 287 top scientists in its sixth Starting Grant competition. They are awarded nearly €400 million, with grants being worth up to €2 million each. This coveted funding will enable early-career talent to develop their best, innovative ideas across the European Research Area (ERA).

More: [ERC](#)

guidance of Marcio Garcia and Ilan Goldfajn, from whom I learned a lot. After I started my Ph.D., I was drawn to the study of interaction models, a field where my main advisor, Jose Scheinkman, was very active at that point. I was particularly interested in the articulation of those models from an empirical standpoint and was able to study with two econometricians that profoundly influenced my research interest: Bo Honore and Elie Tamer (now at Northwestern University). Once I finished my Ph.D., I was hired at the University of Pennsylvania, where I continued to work on those topics and learnt from great colleagues like Ken Wolpin, Petra Todd and Antonio Merlo. After I got tenure at Penn, I received an invitation to move to London and work at UCL. Even though I enjoyed my time at Penn enormously, I thought it would be a good opportunity to collaborate and interact with other researchers of international caliber and decided to move to the UK. Another decisive factor was the close interaction with the Institute for Fiscal Studies, with which I am also affiliated, which has a strong voice in the public policy debate in the United Kingdom and Europe, more generally.

### **Having conducted research both in Brazil and in Europe, what are the best aspects of either research community?**

Brazil has a wealth of interesting data and questions which keep bringing me back. An increasing number of very good researchers is also choosing to relocate back to Brazil and the opportunity to interact with them is important to me. The research landscape in Europe is also very interesting. London in particular is an important hub where I have the opportunity to interact with many great economists and where a lot of researchers from all over the world frequently stop by to disseminate and discuss the latest trends in academic research.

### **How important is the scientific cooperation between these two regions?**

Very. There is a lot of interest by European academics in important questions for Brazil. Cooperation is always good: two brains are better than one. Many brains are even better. It is also true that there are a lot of resources in Europe to incentivise research in Latin America and also a lot of resources in Brazil to welcome those collaborations.

### **In your opinion, what could be done to further enhance international scientific cooperation and, most importantly, the mobility of international researchers?**

Funding opportunities to improve the communication and interaction among researchers and the research infrastructure in Brazil would be an important incentive. Some of it already takes place (for instance, by the ESRC in England and FAPESP in Sao Paulo), but it would be good to see those being more disseminated.

### **What motivates you as a researcher?**

Curiosity. There are very few things as rewarding as figuring out the answer to a challenging and important question.

### **Which goals are you still hoping to achieve?**

I am just in the beginning... I want to keep producing more and even better research!