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Dear Recruitment Committee,

I am very happy to provide a reference for Melanie Lührmann.

I met Melanie in the summer of 2006 when I moved to the University of Cambridge and began spending a day or more a week at the Institute for Fiscal Studies in London. (Melanie is at the Institute with a EU Post-Doctoral Marie Curie Scholarship.) Melanie's research interests, which include the economics of aging, and the economics of the family, are very similar to my own.

Since then, Melanie, Martin Browning (Oxford) and I have begun a project to study demand for durables in the later half of life. I am very excited about this project. There are a number of reasons to be very interested in durables demand around and after retirement. First, persons in these age groups comprise a growing share of the population, and hence will become an increasingly important part of aggregate demand for durables. Second, expenditure patterns for food and other non-durables around retirement have been widely studied (the 'retirement – savings' or 'retirement-consumption' puzzle.) Durables expenditures in later life have not been studied much, although they are clearly an important part of total expenditure, an important determinant of welfare and, in some cases, either complementary to, or substitutable with, nondurable expenditures. Finally, there is a great deal happening in later life that may be relevant to durables demand. An incomplete list includes: (i) changes in the marginal value of time (with retirement), (ii) a shortening of time horizons for investment, and, (iii) for some individuals, the arrival of 'lump-sum' income (pension payouts).

Our approach to studying durables demand in later life is both theoretical and empirical. On the theoretical side we are developing dynamic optimizing models of durables demand which allow us to model the effects of factors such as those listed above. On the empirical side we are using multiple data sources (including the British Household Panel Study, The Family Expenditure Survey and the English Longitudinal Survey of Aging) to document patterns of durables demand over the life-cycle. In the first instance we are establishing the key empirical facts to be explained; subsequently, we intend to estimate parameters of structural models. With respect to the former, we already have a number of intriguing results. For example, it appears that households reduce their demand for durables as their time horizon shortens, but they do so by replacing less frequently, rather than by reducing the quality of the durable purchased. Our models will need to replicate this behaviour.

Melanie is participating fully in both the theoretical and empirical work. She also wrote a successful grant application to the Economic and Social Research Council to get funding for this research. This was entirely an individual effort – Melanie put the application together at a time when neither Martin nor I was offer much assistance. In short, I have been very

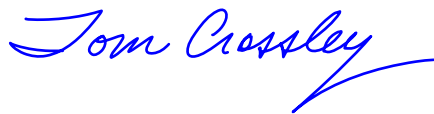
impressed by Melanie, and I am very, very pleased that we will be collaborating on this research.

More generally, I think that Melanie has a great future as a researcher. She is very bright, industrious, and unusually mature in her approach. She has a demonstrated ability to secure research funding. Other referees will comment on her previous research (including dissertation), but I will note that I very much like her paper on decision making in couples. This paper was coauthored with another junior person (Jurgen Maurer). It addresses a very interesting question, is technically sophisticated and is very well written. Melanie clearly knows how to identify a promising research question, and how to put together a good paper. Melanie's time as Post-Doctoral Fellow in the RTN network has allowed her to develop a wide range of connections and potential collaborators, as evidenced by the numerous research visits listed on her CV. For all these reasons, I expect her to be very productive.

In addition, Melanie is a very pleasant person. She has a cooperative and generous nature. She also has a very professional style, and is that kind of person who will 'just get on with it'. It would be terrific to have her as a colleague. Melanie's fields do not match well with our current hiring priorities in Cambridge, but if my faculty were to hire her, I'd be absolutely delighted. I will certainly try putting her name forward.

Please do not hesitate to contact me if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Tom Crossley". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.