

## Editors' Introduction

We are pleased to serve as guest editors of this issue of *Research in Economics and Business: Central and Eastern Europe (REB:CEE)* in honour of Kaie Kerem, Professor of Economics at Tallinn University of Technology (TUT). Kaie Kerem retired at the end of August 2016 after more than 30 years at TUT. We are delighted that so many of her colleagues and former students have contributed to this issue.

Kaie Kerem was born on 23 February 1945 in Tallinn, Estonia. She earned her degree in mathematical economics from the University of Tartu, Estonia, in 1969. After graduation, she continued with doctoral studies at the University of Tartu under the supervision of Professor Vladimir Kozlov. She received her PhD in 1976 and then moved to Tallinn. After various positions at TUT, she was appointed Professor of Economics and Chair of Economic Theory in 1996, and in 2000 she became head of the predecessor of the current Department of Finance and Economics. She was re-elected numerous times and held the position as head of the department until 2015 when Professor Kadri Männasoo took over. Kaie Kerem was elected as Professor Emeritus and started on this challenge on 1 September 2016.

Starting from 1996 Kaie Kerem began publishing textbooks in micro- and macro-economics in Estonian together with her colleagues. Keeping in mind that Soviet education in economics neglected macroeconomics and all consumer and price theories, it is perhaps surprising that there was no fight between ideological schools of thought then, and generations of students assented to neoclassical and mathematical economics without much consideration for the alternative approaches or schools of thought.

Kaie Kerem has carried out research in macroeconomics, fiscal policy, social policy and many other areas. A major research focus in Kaie Kerem's later career is related to fiscal policy, since economics is rooted in the curriculum of economics. However, it could be considered a late phase in her career, and unlike other professors in the area of economics or political economy at that time, Professor Kerem focused on health economics and fiscal issues.

Professor Kerem is known as a great lecturer who has inspired many of her students in numerous ways. Kaie Kerem has been of key importance at the department for three decades. She has been at the helm during a time with unusually large and frequent changes, but her dignity and natural authority have ensured that the department has weathered many challenges. Kaie Kerem's humour and ability to seek out compromises have been vital in this respect and have also contributed to an inclusive and enjoyable working atmosphere.

The papers in this special issue cover a broad range of topics within economics. Kaire Põder with her PhD student Andre Veski, both colleagues with Kaie Kerem, present a computational experiment that seeks to identify successful strategies for manipulating the school choice allocation mechanism used in Tallinn.

Professor Karsten Staehr has been a colleague of Kaie Kerem since 2007. He mainly teaches macroeconomics, international finance and public economics, but he has occasionally taught fiscal policy in Kaie Kerem's classes. Karsten follows this lead and writes about fiscal policy in the Baltic States, and argues that several challenges remain in spite of overall prudent fiscal policies in all three countries.

Natalie Lubenets, who continued her career in Brussels after the defence of her master thesis under the supervision of Professor Kerem, writes about return in economics education, a field which is indirectly related to her every day work in state aid and competition policy at the European Commission.

Robert Kitt, an economics student of Professor Kerem who has since gained a PhD in Physics, has been CEO of Swedbank, the largest bank in Estonia, since 2015, but is also a visiting professor at the Department of Finance and Economics. His article shows the complex nature of growth and welfare in the light of an endogenous growth model, indicating regional or distinct cultural aspects.

Alvar Kangur wrote his master thesis at TUT under Professor Kerem's supervision and then continued his studies at Oxford University. He is now working at the IMF. Alvar's contribution focuses on the study of institutions; he asks whether the instruments that allow empirical tests to indicate the effects of institutions on economic development have been analytically justified in the curriculum of the New Political Economy.

In closing, we wish to express our gratitude to Kaie Kerem for her support, inspiration and optimism, a gratitude which all staff members of the department share. Numerous colleagues of Kaie Kerem have followed her career and obtained inspiration from the transformations in the field of economics at TUT over the past 25 years. A noticeable part of economics at TUT has been developed and shaped by Professor Kerem and this will continue so for many years ahead.

Kaire Pöder

Karsten Staehr