Royal Economic Society

Newsletter

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Royal Economic Society

125 not out

2015 marks the 125th anniversary of the founding of the *Economic Journal*, an event that was celebrated by a number of special sessions at the Society's Annual Conference in Manchester as this issue was in its final stages of preparation. The Conference enjoyed a number of other high points, as we'll report in the next issue, including the Society's Gala Dinner at Old Trafford Cricket Ground.

In this issue, we have managed to include the Secretary-General's Annual Report, delivered at the Conference. This is John Beath's seventh and final report before handing over to Denise Osborn. Our other regular feature of the April is Angus Deaton's Letter from America where this time he draws attention to some interesting contradictions in the opposition to compulsory healthcare insurance in the USA.

Amongst other features, we have an interesting article from James Johnston and Alan Reeves which asks whether the recent trend towards concentration of economics teaching in 'older' universities may be denying an economics education to those social groups that are underrepresented in these universities. With the approach of the UK general election, it is not surprising that some university departments and research centres have taken up the challenge of interpreting the claims of the various political parties. What is more surprising is the language in which this ambition is frequently cast which is frequently one of 'protecting the public' and 'providing it with ammunition'. Could it be that the economics profession doubts the integrity of the parties when it comes to their statements on economic policy? Surely not. We take a brief look at some examples on p.17.

THE ROYAL ECONOMIC SOCIETY

- President: Charlie Bean (April 2013-2015)
- President-elect: Professor John Moore
- Secretary-General: Professor John Beath (University of St Andrews)
- Second Secretary: Professor Robin Naylor (University of Warwick)
- Honorary Treasurer: Mark Robson (Bank of England)
- Managing Editor of the *Econometrics Journal*: Professor Richard Smith (University of Cambridge)
- Joint Managing Editor of the *Economic Journal*: Professor Rachel Griffith (IFS)

The Royal Economic Society is one of the oldest and most prestigious economic associations in the world. It is a learned society, founded in 1890 with the aim 'to promote the study of economic science.' Initially called the British Economic Association, it became the Royal Economic Society on receiving its Royal Charter in 1902. The current officers of the Executive Committee are listed above.

The Society's bee logo

The Society's logo, shown below, has been used from its earliest days. The story behind the use of the bee refers to the 'Fable of the Bees' by Bernard Mandeville, an 18th Century essayist which alludes to the benefits of decentralisation by looking at co-operation amongst bees and showing how the pursuit of self-interest can be beneficial to society. The Latin quote comes from Virgil and speaks of the drive of bees.

For membership benefits, subscription fees and how to join the Society, see back cover or go to: w.ww.res.org.uk

The Society's *Newsletter*

The *Newsletter* is first and foremost a vehicle for the dissemination of news and comment of interest to its readers. Contributions from readers are always warmly welcomed. We are particularly interested to receive **letters**, **reports of conferences and meetings**, and news of **major research projects** as well as **comment on recent events**.

Readers might also consider the *Newsletter* a timely outlet for comments upon issues raised in the Features section of the *Economic Journal*. We can get them into print within three months of receipt.

Visit our website at: www.res.org.uk/view/resNewsletter.html

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Letter from America —

Adverse selection emerges from the weeds

In his latest Letter from America, Angus shows how the opposition to healthcare insurance draws heavily on the concept of moral hazard while being curiously blind to adverse selection.

Downton Abbey, the interminable British soap opera, is broadcast in the United States on public (non-commercial) television, and has provided it with its all time greatest hit. For viewers in the New York area, the showing is preceded by a sixty second commercial on behalf of New York (previously Columbia) Presbyterian hospital. The long-term political swing to the right and its hostility to public broadcasting has forced public television to abandon its longstanding policy of minimalist 'brought to you by' acknowledgements. One advertisement features the boxer Daniel Jacobs, a rising star in 2011 when he was brought down by a 'massive tumor that had wrapped itself around my spine'. But his doctor at New York Presbyterian 'aced it; they resurrected me, and resurrected my career' so that 'on August 9th, 2014, I became the WBA middleweight champion of the world'. The audience for public television in New York is well-heeled (the next ad is for Viking River Cruises), but likely contains few professional boxers, few who have a cancer wrapped around their spine, and very few who are free to choose their healthcare in the same way as they choose between Budapest and Bangkok for their Viking River cruise. The same can be said for the audience for the ad on the cover of the program for the Metropolitan Opera's current run of *Don Giovanni*, featuring a young woman 'told by doctor' that amputation of her legs was best, but who, thanks to the same hospital, now needs braces only for her teeth.

"For economists, adverse selection has always been central to discussions of health insurance. Yet, it has been hard to explain to the public. Politicians of the right, who so clearly understand moral hazard, seem (sometimes willfully) blind to adverse selection; people are fallible, but markets are not."

Insurance encourages moral hazard...

Yet the hospital ads are indeed aimed at consumers, who are being implicitly incited to pressure insurance companies and employers to provide plans that cover treatment at NY Presbyterian. Each American hospital negotiates (secret) prices for each service with each insurer, setting discounts from their infamously extortionate 'chargemaster' prices, which people who do not have insurance — or adequate insurance — must routinely pay (or try to pay). The purpose of the ads is to keep those discounts smaller than those of its competitors, at which this hospital is reputedly very successful. *Downton Abbey* shows how falling land rents contributed to the fall of the British aristocracy, but is helping raise prices for US healthcare and creating great wealth among successful hospital entrepreneurs.

Market fundamentalists, who are well represented among the Republicans who currently control both houses of Congress as well as a majority on the Supreme Court, attribute the *Downton Abbey*/NY Presbyterian problem to the fact that the market for healthcare is undermined by moral hazard, by the overuse, overprovision, and lack of price discipline that comes with insurance, or at least with too much insurance. They believe that, if consumers bore all or at least a larger direct share of their healthcare costs-a favorite phrase is 'if they had more skin in the game' — market forces would bring down the cost of MRI machines, proton-beam scanners, and hip replacements, just as they have brought down the cost of flat screen televisions. Everyone would then be able to afford cheap, high-quality healthcare, just as everyone owns a smartphone, and insurance would cover only catastrophically expensive events. Such ideas are beguiling, and the scandal of high cost healthcare is clearly exacerbated by private insurance, as well as by the implacable opposition of providers, device manufacturers and the pharmaceutical industry (as well as the market fundamentalists) to the institution of the kind of evaluation that is done by the National Institute of Health and Care Excellence in the UK.

...but what about adverse selection?

For economists, adverse selection has always been central to discussions of health insurance. Yet, it has been hard to explain to the public. Politicians of the right, who so clearly understand moral hazard, seem (sometimes willfully) blind to adverse selection; people are fallible, but markets are not. On the left, during the primaries for the 2008 election, Hillary Clinton favored a 'mandate' that would require people to have insurance, a proposal that Obama denounced as unnecessary and (presumably) unlikely to appeal to voters. Adverse selection is one of those many issues where there is a large gulf between economists' and public understanding, where what appear to most people as beneficial policies, like not forcing people to buy insurance, are guaranteed to have unintended consequences.

During the primaries in 2008, the disagreement over the mandate was dismissed by the commentariat as an issue that was esoteric and so far 'out in the weeds' that it could have no possible importance in the contest. In the event, Obama won the primary and the election, his administration passed the Affordable Care Act, without a single Republican vote, and with the mandate. But cures for adverse selection are not so easily sold. The first potentially crippling challenge to the Act argued that it was unconstitutional for the federal government to require anyone to buy anything; Justice Scalia asked if the state could force people to buy broccoli. The Supreme Court decided in June 2012 — on a surprise vote by Chief Justice Roberts-that the mandate was not in fact a mandate, which five of the nine justices would have ruled unconstitutional — but a perfectly constitutional tax, something that the Obama administration had consistently denied, if only because it would have had consequences for the evaluation of the law and the likelihood of its passage. When Jonathan Gruber, the distinguished MIT economist, who had advised on the law (but was not a central architect), said that the law was deliberately obscure, that its lack of transparency was a political advantage which, given 'the stupidity of the American voter' was critical to its passage, he was only expressing something that many economists have often thought. He was only unfortunate to fall foul of one of today's omnipresent hazards, a hidden recorder.

Market fundamentalists believe that people should be free to choose to be uninsured or to buy any insurance that they like, including deceptive policies that are attractive only because most healthy people have no idea what hospitals will charge them. These policies were outlawed under Obamacare, so that some people had to give up insurance that (they thought) they were happy with. This interference with freedom of choice has been much criticized on the right, and was made worse by Obama's false claim that no one would have to give up their existing insurance. Yet the market fundamentalists cannot acknowledge adverse selection, because it means admitting that markets can fail. But they dare not give up the requirement (popular among both consumers and the industry) that prevents insurance companies from discriminating against pre-existing conditions. Just as adverse selection tortures economists who cannot get it widely and intuitively understood, so are the market fundamentalist politicians trapped between, on the one hand, their own beliefs that getting the government out of healthcare and healthcare regulation will bring down prices, increase access, and give people freedom to choose, and on the other hand, the demands of both the industry and consumers that no one be denied insurance because of pre-existing conditions. As a result, if the Supreme Court strikes down Obamacare this summer — an even bet at the time of writing — the Republican Congress is likely to push replacements that will be destroyed as adverse selection emerges from the weeds.

Secretary-General's Annual Report

The Secretary-General, John Beath, presented his final report to the Society's AGM at the University of Manchester on Tuesday 31st March.

I was appointed Secretary General of the Society in 2008 in succession to Richard Portes and so this is my seventh report to the membership. It is also my last report as I will be handing over the reins for running the Society to Denise Osborn at the end of June. I shall say a little more on that later. This is an important anniversary year for the Society. Although it is only 113 years since we received our Royal Charter and became entitled to call ourselves the Royal Economic Society, it is 125 years since the Society's predecessor, British Economic Association was founded and with it the *Economic Journal* established. I am particularly delighted that this year's Annual Conference has been built around the EJ's 125th anniversary — and in such a fascinating way — with fresh eyes looking at classic and path-breaking papers from that history and great praise is due to Rachel Griffith and the editorial team and to James Banks and the conference team for putting all of this in place. Of course, 2015 also happens to be the 125th anniversary of the Forth Bridge and it is pure, but happy coincidence that our new President is based in Edinburgh.

In my report last year I drew attention to our Society's emblem, the honeybee, and described the Society as a hive. I can report that this is no grumbling hive but a happy and healthy one. It continues to thrive and the sound coming from it is one of buzzing contentment! Underneath our emblem is a Latin motto: *Amor urget habendi.*

It comes from Virgil and its translation is the Love of Gain. If you go to the original, you will find it is a passage about the Greek honey bee. '… *Cecropias innatus apes amor urget habendi, munere quamque suo*'. With a bit of licence, this might be paraphrased as the division of labour serving the growth of an economy. So, we might push the origins of economics back a little further: to 50BC!

Let me now return to the matter of health and let me start with the health of the discipline in the UK. That seems to me to be robust and I have two recent pieces of evidence to back that up. The first comes from the continuing success of Economics in the allocation of ESRC studentships. As you will know, ESRC has set benchmark numbers for each of the disciplines that it covers. Economics continues to win more studentships than its benchmark. The second comes in the exercise that must have occupied so many of our waking hours over the last couple of years: the REF. Though seven fewer units submitted to the Economics and Econometrics panel 2014 than did so in 2008, the subject had the best overall quality profile in Main Panel C and clearly dominated all the other units when it came to ranking of research output. Of particular note was the fact that all the institutions that submitted to the panel had some outputs that were judged to be world-leading and, in some high-scoring units, the performance was exceptional. Also, when looking across the areas, there was strength across the board. As the Panel noted, 'many outputs … dealt with topics outside the traditional boundaries of economics. Typically these did not involve multidisciplinarity per se, but rather the application of quantitative economic tools, both theoretical and empirical, to questions more usually studied by other social sciences.' So, the young brood in our beehive is thriving and the older workers are extending the reach of the colony.

Membership

The Society's health is robust. Efforts have been made across all of the Society's activities to encourage greater uptake of online membership and the use of direct debit payments. This has improved membership renewals and has also helped to increase membership. This has been on an upward trend since 2010. In 2012 it stood at 3179, rose to 3526 in 2013 and to 3741 at the end of 2014 — a net increase of 215. With this healthy picture for 2014, I would like to pay tribute here to the wonderful work that Kathy Crocker has done as Membership Secretary. Kathy, who retired in December, had worked for the Society for 34 years ! I know that all members will join with me in wishing her a long and fulfilling retirement. Our publishers, Wiley, will continue to provide membership services and I know that Second Secretary Robin Naylor and Office Manager Amanda Wilman continue with their examination and review of membership marketing as part of their interaction with the publishers.

Second there is our online presence. Since 2012, the Society has invested heavily in developing its website and will continue to enhance it further. This offers many features designed to maximise its usage and readership, as well as to enhance the Society's external profile. For example, we have a library of webcasts from the Annual Conference, the annual Public Lecture and the Policy Lecture and we actively monitor traffic. There is also the RES YouTube Channel with short clips that promote Society events and we now have a policy of filming and offering access by live interactive link to all RES lectures. I say more about communication and engagement below.

Third, are our assets — human and financial. The Society could not function without the energy and goodwill of its officers and staff. I will be more specific about their contributions below but I think it is important that at the outset members are aware of how lucky the Society is to have such a dedicated and willing group of Council members, Officers and Support Staff. It is the energy that they put into the organisation and running of our activities and functions and the management of our journals and publications that enables me to report lots of healthy activity in the beehive.

Finance

On the financial side, two-thirds of the Society's income comes from its publishing activities, mainly from the *Economic* and *Econometrics Journals*. Current data reveal that our journals are available via licence in over 4400 institutions worldwide. Of course, in these days of austerity in higher education, library budgets are inevitably under pressure and non-renewal is a threat we face. However, the most recent data we have reveal that, in addition to these core subscriptions, the journals are currently available in some 4600 institutions in the developing world by way of various philanthropic initiatives. The most recent data we have on online activity for the two journals shows that while full text downloads for the *Economic Journal* increased in 2014, they fell back somewhat for the *Econometrics Journal* after a period of substantial growth. I should add that, at the time of writing, we have only just received the annual report from Wiley and the editorial teams of both journals will be exploring with the publishers the whole set of publishing data as part of the routine meetings with them.

As the Treasurer will report, the Society's finances continue to be sound, although there is some expected and continuing erosion of our publishing income for the reasons I have mentioned above. The Society depends heavily for its charitable activity on the surplus from its publishing activities. We have always planned for a deficit for the Annual Conference, as it is one of our key charitable activities. The deficits in 2013 (£102K) and 2014 (£105K) are substantial but the Executive Committee considers that this level of subsidy is appropriate so that the cost of attending can be kept at a reasonable level for all those wish to do so. The Society's overall spending on projects and grants increased to £349K. An important element in that was the decision to expand the scale of the Junior Fellowship Scheme and fund 12 Fellowships last year.

Governance

As to governance, we will be welcoming six new members to Council this year: Michele Belot, Wendy Carlin, Kevin O'Rourke, Robert Peston, Martin Weale and Frank Windmeier. However I would like to express my thanks, and also the Society's, to those members of Council whose terms of office come to an end at this year's AGM: Mark Armstrong, Paul Mason, Dave Ramsden, Lucrezia Reichlin and Paul Wallace. They have all contributed in a variety of ways and I would like to use this occasion to thank them publicly, particularly Mark for his work on journal editorial matters and Dave for the role he played in the review of the Society's strategy that was undertaken by a Council working party chaired by the President.

Finally, this year I should like to welcome our new President, John Hardman Moore and say a very sincere 'thank you' to Charlie Bean who hands over at the end of this AGM. I have greatly enjoyed working with Charlie. Denise Osborn will be replacing me as Secretary-General when I demit office in July 2015. I have worked closely with Denise on a range of Society and subject-related activities over the years — from our early work as chairs of CHUDE, through working together on the old RAE and a range of RES committee work. I am delighted that the running of the Society is going to be in such good hands and would like to thank Denise for taking over.

Communication and engagement

Let me now turn to Communication and Engagement. This is an area where, working with Amanda Wilman and media consultant Romesh Vaitilingam, Robin Naylor, as Second Secretary has been in strategic control. He has played a crucial role in developing our communications strategy with oversight of web developments, media strategy and initiatives. I should also add that he has also been an important source of support in my role as Secretary General. During 2014 he undertook an extensive review of existing membership procedures and benefits to improve payment methods (for example, the expansion of online membership, the provision of 24-hour telephone membership services and a rollout of the promotion of direct debit for all UK-based members).

On behalf of the Society Robin has been working closely with CHUDE to review the role of the Economics Network and to consider its potential role in teaching accreditation. An outcome of this is that the Executive Committee has approved a light touch endorsement by the Society of the EN training workshops that are mapped against the UK professional standards framework. In the coming year he will be working with various Council sub-groups to strengthen further the links with other learned societies and economists in public and private sectors beyond the narrowly-defined academic community. Filming and dissemination of our annual and conference lectures alongside the Conference Secretary is one possible vehicle for such enhanced linkage and possible sponsorships. I also know that Robin will also provide such support as is necessary in the handover period from one Secretary General to another and I am especially grateful to him for that.

Charitable activities

The Royal Charter of 1902 established the Society to promote and foster the study of economic science and its application. To help achieve its charitable objectives, the Society has established a number of vehicles: publications, conferences, lectures, workshops, and a variety of grants and projects.

First, the 2014 Annual Conference, held, as this year, in Manchester. This was very successful with a strong programme and a large attendance. 435 delegates registered for all three days off the conference, 379 of whom were RES members. A further 127 delegates registered for a single day (93, of whom were RES members). In total there were 562 paying delegates, with a further 64 non--paying attendees. The conference saw a shift back towards more 3-day delegates and fewer one-day ones. There were 1,059 submissions (1,079 in 2013), with 434 papers finally presented (392 in 2013). 127 general parallel, 3 keynote, 2 plenary and 15 special sessions including one to showcase the work undertaken by through RES Junior Fellowships. The Hahn Lecture was given by Sendhil Mullainathan (Harvard), the *EJ* Lecture by David Autor (MIT) and the Sargan Lecture by Hélène Rey (London Business School). An innovation this year was that a number of keynote speakers and special session participants were invited to chair parallel sessions. This was designed to increase their involvement in the conference and appeared to be effective. EconFilms was asked to film a set of 10 conference vignettes while several sessions were filmed and live streamed. These roughly doubled the cost of filming compared to RES2013. The films and vignettes are available on the RES website. The conference social programme was altered so that the Monday reception took place away from the main conference venue at the National Football Museum and was a great success.

As I write this report, we are just about to hold the 2015 Conference, again in Manchester. From the programme that I have seen, this is shaping up to be a very impressive affair with some distinguished speakers and very strong *Economic Journal* anniversary special session participants. Although we always have very strong participation in the conference by PhD students, this year we are piloting an initiative as part of the 125th anniversary celebrations to encourage further PhD participation. This involves offering free registration for this year's conference to PhD students in Year 2+ of their doctoral programmes and who are members of RES but not presenting papers as well as the PhD symposium on the fourth day.

Secondly, there are our two journals. These continue to be acknowledged as leading international journals in economics and you will recall that when we put our publishing contract out to tender in 2013 there was substantial publisher interest. Data provided in the annual Publisher's Report indicates that their impact factors are rising and they are among the most accessed journals that Wiley publish. The figures of article downloads from the *EJ*, for example, have increased again in 2014, to over 900 thousand. In addition, the editors report increasing submissions, noting that the biggest increases were from the US and China. This has gone hand in hand with a fall in the average turnaround time and so shows not only that we have excellent editorial teams, but also that they have assembled an effective and efficient panel of referees. Both of our journals award prizes for the best papers published in a particular year. The *Economic Journal* has two: the RES Prize and the Austin Robinson Prize and the *Econometrics Journal* one, the Dennis Sargan prize. Details of all prize winners are in the Conference Programme.

This year's Public Lecture was again a great success. It was given by Stephanie Flanders, the award-winning BBC journalist and Economics Editor and now chief market strategist for the UK and Europe at J.P. Morgan Asset Management. She spoke to full houses of sixth form students at the Royal Institution in London and in Liverpool. The Society again widened its outreach of this popular event by offering registration to school groups to participate in the London lecture by a remote interactive link. This allowed school groups or individuals to watch the event live, connect with others in the audience and engage with the topics being addressed by the speaker.

The Policy Lecture series is intended as an opportunity for leading economists to speak to academics, policymakers and others interested in the development of economic policy. The events are open to the public and media are often in attendance. At the beginning of 2014 Vince Cable talked on the subject of 'The shape of the Economic Recovery' at the Bank of England and earlier this year, the fourth RES Policy lecture speaker was The Chancellor of the Exchequer, The Rt. Hon George Osborne MP who spoke on what he saw as the economic agenda that would face the next Parliament. RES members were offered preferential places and the lectures were streamed live online and are available on the RES website.

The Young Economist Essay Competition is a key activity for the Society. The number of entrants to this competition rose again from 1150 in 2013 to 1610 in 2014, with applications from nearly 600 schools. An online process for applications was used, managed by our partners Tutor2U. I would like to record my thanks to them for their cooperation. The judges considered the standard to be extremely high and awarded the following prizes. First Place went to Kartik Vira (Hills Road VI Form College, Cambridge) for an 'outstanding' essay on the topic, 'Are the advanced economies in for a long period of economic stagnation?' backed up by judicious reference to data and arguments in literature and notable for including an extended discussion of possible policy responses. In second place was Jessica Zeng (Withington Girls' School, Manchester), and in joint third Place were Viva Avasthi (King Edward VI Handsworth School for Girls, Birmingham), David Bullen (Manchester Grammar School) and Hannah Dudley (Toot Hill College, Nottingham).

The Society and postgraduates

Another increasingly important activity for the Society early in each New Year is Postgraduate Conference and Job Market. University College London was the location for both the 2014 and 2015 meetings. These were organised by Martin Cripps and Sarah Smith and I would like to record my thanks to both of them for the excellence of the events. The meetings included a keynote talk, a poster display and a networking drinks reception attended by the Government Economic Service, the Bank of England, the Institute for Fiscal Studies, the National Institute of Economic and Social Research, and Frontier Economics. More than 100 PhD students from the UK, rest of Europe and the US presented their papers over the weekends and were available for formal and informal interviews. This annual meeting has grown to be a successful event, well supported by both students and recruiters. It provides an opportunity for UK and European academic and non-academic recruiters to interview potential candidates and these interviews are an important focus for the event. The PhD students really value the opportunity to present their work and to attend plenary sessions that provide practical advice e.g. 'on getting published'.

The Easter Schools continue to provide an invaluable training opportunity for young research scholars. In 2014 Easter School was held at Lucas House in the University of Birmingham between the 13th and 15th of April. The subject was New Thinking in Macroeconomics and Finance. The instructors were Professor Nobuhiro Kiyotaki of Princeton University, and Professor Martin Ellison of the University of Oxford. There were twenty three university-based attendees from seventeen UK universities, two from Toulouse, one from Zurich, seven from the Bank of England and three from HM Treasury. In addition there was an eleventh public sector economist, from the Central Bank of Turkey. This total of seventeen UK universities is the largest the Easter School has ever had, and helps to ensure one of our key objectives, the wide dissemination of outstanding current research across the British university sector. The Society should like to record its gratitude to Professors Kiyotaki and Ellison who continued a superb tradition of outstanding, lively, lucid tours of the frontiers of Economics given in these schools for almost a quarter of a century, and which has greatly enriched the research and advanced teaching potential of countless UK universities and scholars.

The 2015 Easter School has just been held at Brasenose College Oxford on 22nd-25th March with Vincent Crawford and Colin Camerer as the instructors and guest presenters Sir Paul Collier and Sir John Vickers. The subject of the School was 'Behavioural Economics' and there were 40 delegates from UK Universities, Banks and the Government Economic service. The goal of the Schools is to expose attendees to the research frontier and seriously discussing choices of topic, research strategy, and methods. Fuller details will be provided in the Secretary General's report next year.

Peter Sinclair has decided to step down as Director of the Easter Schools. His replacement is Eric Smith and the School will move to the University of Essex in 2016. To ensure a smooth transition, Eric has been working with Peter on this year's Oxford event. Peter was the founding Director and inspiration behind the Easter School concept and the fact that it is now such a well-established and successful annual event is the result of his vision and inspiring leadership. The Society owes a vote of thanks to him for his work. That gratitude should also extend to Nick Horsewood who worked in partnership with Peter at Birmingham as Assistant Director.

The Junior Fellowship Scheme provides a highly valued bridge between the PhD and an academic career, especially since the ESRC no longer provides formal post-doctoral awards. In 2014 we received thirty three applications from twelve universities. Jonathan Haskel, David Miles, Simon Burgess, Kimberley Scharf and Peter Sinclair comprised the panel of referees and each application was assessed by two referees. I would like to thank the referees for their work on this important scheme. The original budget this year was for up to ten awards but, given the strength of the field, it was subsequently agreed that this could be increased and eleven awards were made. This year's Fellows are:

Rocco D'Este (University of Warwick): *Empirical Microeconomics;*

Ryoko Ito (University of Cambridge): *Dynamic conditional score: asymptotic inference and application to high-frequency financial data;*

Samuel Marden (London School of Economics): *Essays in Economic Development;*

Laura-Lucia Richter (University of Cambridge): *Econometric analyses of the diffusion of micro-generation technologies and their impact on electricity load curves;*

Christiern Rose (University of Bristol): *Identification of peer effects;*

Jacob Seifert (University of St Andrews): *Essays on competition policy, innovation and banking regulation;*

Pedro de Souza (London School of Economics): *Estimating networks without network data: Adolescent behaviour and peer effects;*

Spyridon Terevitis (University of Warwick): *Topics in information economics;*

Stephen Thiele (University of Cambridge): *Essays in Time varying parameter models;*

Giulio Trigilia (University of Warwick): *Essays in finance theory;*

Andreas Tischbirek (University of Oxford): *Essays on unconventional monetary policy.*

A Junior Fellowship Network was launched this year by two of the 2012-13 cohort, Theo Koutmeridis and Dan Rogger, to encourage interaction between Junior Fellowship recipients, greater awareness of the Fellowship awards and the work of those receiving them and to provide the RES with support from and access to early career economists. This built on the success of the RES Junior Fellowship session which will continue at future RES Conferences and the hope is that it will provide an increased presence by young academic economists at our meetings and events. An RES short film was created around the Junior Fellowship award scheme this year and has been posted on the website.

Financial support

We continue to run several schemes to support research and scholarship: the Special Projects Grants Scheme, the Visiting Lecturer Scheme, the Conference Grant Scheme and the Small Academic Expenditure Scheme. These last two schemes are administered on behalf of the Society by Professor Anton Muscatelli at the University of Glasgow and I would like to express my gratitude for his effective and efficient running of both. In view of the excess demand for the funds available, the budget for both of these schemes has been raised to £17,500.

Finally, and although I have mentioned it earlier, I would also like to formally note the support provided by the Society to the Economics Network based at the University of Bristol. It is recognised to be an important national resource for the study and teaching of economics.

As all annual reports should, this one ends with a special 'thank you' to those with whom I have worked so closely on Society business. On the Executive Committee, Charlie Bean, Mark Robson and Robin Naylor have been outstanding colleagues and a first-class set of counsellors and, in my seven years, I have greatly enjoyed working with former presidents: John Vickers, Partha Dasgupta and Richard Blundell. I also want to say thanks to all those Councillors who have given their time to serve on the various Society committees. My gratitude is due to Donald Winch our Publications Secreatry, to Eric Pentecost and Daniel Zizzo for their work on CHUDE, to Karen Mumford and her colleagues on the Women's Committee, to Peter Howells for his work as *Newsletter* Editor and to Romesh Vaitilingam for the excellent work he does as our Media Consultant. However, I want to say a special word of thanks to my two colleagues here in the Office at St Andrews. Without their energy, support and good humour, my life as Secretary General would be immeasurably harder: Amanda Wilman, the Society's Administrative Officer and Cheryl Dochard, Administrative Assistant. I am sure that members will be delighted to learn that they will continue to provide sterling administrative support to the Society from St Andrews under Denise's stewardship.

The Rise of Elitism in the Study of Economics: has it happened and does it really matter?

While the number of students studying economics in the UK has risen in recent years, this increase has been concentrated disproportionately in 'old' (i.e. pre-1992) institutions. James Johnston and Alan Reeves,[1] draw a detailed picture and speculate on whether this concentration of the discipline in more expensive, elite, institutions threatens to make economics a subject for the better off.

The higher education (HE) system of the UK, like those of many other countries, has undergone major changes in the last two decades: the removal of the binary divide, the continued 'massification' of the HE system, changes in how the burden of funding universities is shared between users and the state, programme proliferation, increases in internationalisation and so on. One aspect of all this change that has attracted increased attention is how different disciplines have fared in the market for undergraduate programmes. Some subjects would appear to have performed better than others. Much has been said about the dearth of students studying for many STEM degrees, partly as a result of their alleged importance to the economic health of the nation. There is some evidence that this trend may be beginning to change. The so-called 'Brian Cox effect' has seen the demand for physics and related programmes rise thanks to the charismatic media performances of the Manchester University physicist. Other subjects such as modern languages have also struggled to find a niche. As economists it is natural to consider the fate of undergraduate economics programmes.

More economics students...

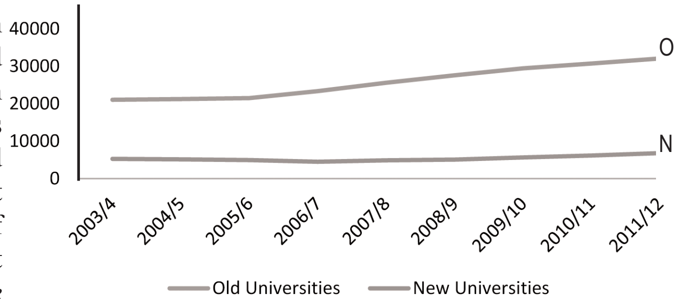
Though it is important to note that it is only one part of the economics education that takes place in schools, colleges and universities, the health of the undergraduate economics degree is likely to be a good indicator of the health of the subject. Smith (2013) provides a mixed assessment of the health of the economics bachelor's degree in the UK's universities. He shows that the proportion of total university applications accounted for by applications to economics undergraduate programmes rose slightly between 2006 and 2012. However, the picture between 2009 and 2012 was less impressive, with the earlier increase in applications petering out at a time when applications more generally continued to grow. He also puts forward some tentative explanations of the increase in student numbers between 2006 and 2012. On the demand side of the market for university programmes it is suggested that widely-read publications such as *The Complete University Guide* that highlight the relatively high earnings of economics graduates may have encoraged applications. Of course, the validity of this human capital type explanation turns on potential students being aware of and acting on this sort of information. On the supply side data are presented to show that the numbers of pre-university students studying subjects such as Economics and Mathematics at A-level has grown. The resultant increase in the numbers of students with the skills required to study economics at university level, it is argued, might have boosted the numbers of applications and acceptances. Whether this apparent shift in programme choices is the result of a change in programme preferences or price factors and whether it is permanent or temporary are interesting but unresolved questions.

Whether the changes in the HE environment have combined to reduce access to the study of economics at degree level is considered in a study by Johnston, Reeves and Talbot (2014). The study reveals that the number of students studying for a bachelor's degree in economics rose from 26,343 in 2003/04 to 38,894 in 2011/12. Not only have the numbers studying for economics undergraduate degrees increased in absolute terms but they have grown more quickly than total student numbers.

Overall the subject would appear to be more than holding its own in the increasingly competitive market for undergraduate university programmes. However, closer investigation of the data reveals some interesting differences in the experiences of different universities and more importantly different sorts of universities. It seems that while the total numbers of students setting out on bachelor's degrees in economics increased markedly between 2003 and 2012, that growth was not evenly distributed across

Figure 1:

The Numbers Studying/Enrolling in Economics Bachelor's Degrees at pre- and post-1992 Universities in the UK



the higher education system. The study uncovers what appears to be a fracturing of the provision of economics undergraduate degrees, with some universities (mainly 'new' i.e. post-1992 universities) effectively withdrawing from the subject while others (mainly 'old' i.e. pre-1992) universities have expanded their provision. Figure 1 shows how undergraduate economics education has come to be more concentrated in the pre-1992 institutions.

...but in fewer institutions

The study also finds that over the period 2003/04-2011/12 sixteen UK universities, fourteen of which were post-1992 universities, withdrew at least one of their economics undergraduate programmes in the most frequently offered titles — Economics, Business Economics and Financial Economics. Just as the withdrawers were concentrated in the new university part of the UK's HE system, the geographical distribution of withdrawers was also far from even. It appears that economics titles have largely been removed from the prospectuses of new universities in Scotland and the North of England. It would appear that the best predictor of whether a university does or does not offer an economics degree is whether it became a university before or after 1992. Table 1 gives a list of new universities that have either retained or withdrawn economics programmes over the decade up to 2011/12. Retainers, a dwindling number, are listed in the first column, and the withdrawers are in columns 2-4. There are two pre-1992 universities in there as withdrawers (Liverpool and Salford) but they are unusual because of the very fact that they are old universities that have by and large retained economics provision.

It also emerges from the study that three quarters of the new universities in the UK did not offer an economics title in 2011/12. Though pre-1992 universities have come to dominate the market for economics degrees, it is important to say that there are subtleties in the changes that have taken place and that the findings of this study are not all bad news for economics programmes in new universities. For example, even though many new universities have all but withdrawn from offering economics programmes, the total number of students enrolling on economics undergraduate degrees in new universities in 2011/12 was nonetheless slightly up on the figure for

Table 1: New UK universities that retained an Economics title(s) and those that had withdrawn provision
(Universities in bold and italics have withdrawn all titles in Economics)

Retainers:	Withdrawers:		
New universities that offered **either an Economics, Business Economics or Financial Economics** title in 2011/12	New universities that withdrew an exit title in **Economics** between 2003/04 and 2011/12 (Date the title was withdrawn)	New universities that withdrew an exit title in **Business Economics** between 2003/04 and 2011/12 (Date the title was withdrawn)	New universities that withdrew an exit title in **Financial Economics** between 2003/04 and 2011/12 (Date the title was withdrawn)
Hertfordshire University	**Staffordshire University** (2004)	***Glamorgan*** (2003)	***Northumbria University*** (2004)
University of Wales Institute (UWIC), Cardiff	**Teesside University** (2004)	*UCE* (2003)	Nottingham Trent University** (2006)
University of Central Lancashire	**Northumbria University** (2005)	***Teesside University*** (2005)	UEL** (2006)
Nottingham Trent University	**University of Abertay** (2007)	***Glasgow Caledonian University*** (2007)	University of Liverpool* ** (2007)
Bournemouth University	UEL** (2007)	UWE ** (2007)	
University of the West of England	**Liverpool John Moores University** (2009)	***Edinburgh Napier University*** (2008)	
Plymouth University	**Salford University*** (2009)	***University of the West of Scotland*** (2008)	
Sheffield Hallam University		***Oxford Brookes University*** (2009)	
Portsmouth University		***Salford University**** (2009)	
Kingston University			
Manchester Metropolitan University			
University of Westminster			
Coventry University			
Greenwich University			
Middlesex University			
University of East London			
London Metropolitan			
Anglia Ruskin University			
n = 18	n = 16 (with 12 withdrawing from economics entirely)		

*Pre-1992 university. ** These universities still offer a minor or joint exit title in Economics, Business Economics or Financial Economics and so have partially rather than completely withdrawn.

2003/04. However, on the downside, it is clear that the share of economics undergraduate students going to new universities has fallen dramatically as has the number of new universities offering undergraduate programmes. This observation is consistent with the re-emergence of the binary divide in which old universities on the one hand concentrate on education *per se* and on subjects that help students better understand the world about them (e.g. economics) while on the other hand new universities deliver vocational programmes and training closely related to careers (e.g. business studies). One possible driver of this apparent splintering of provision is that economics is not perceived as a vocational subject by the sorts of students who typically apply to new universities.

Economics and social class

Had these programme closures resulted from a decline in the popularity of the subject as a whole they would probably have been of greater concern to the economics community. However, if fewer, probably higher quality, institutions are able to meet the needs of a larger market for undergraduate economics education then this may point to improvements in allocative and productive efficiency, something to which most economists are unlikely to object. If this also means that some less popular intra-marginal economics programmes have become extra marginal and that a few students and economists have had to rethink their plans then that is simply the price that has to be paid for a more efficient organisation of provision. Rather than tying up resources in programmes with low student numbers resources are released to be used by higher quality and more efficient market participants. The small numbers of students that might have applied to the programmes that have been withdrawn had they remained on offer can now apply to attend alternative institutions, possibly including new universities where the academic and monetary price of entry may be similar or at least not much higher than those they would have faced. An argument against this is that, especially in Scotland, students often prefer to live at home while attending university and they do not want travel that far to university. Students who for example live in the Central Belt who go to Aberdeen University have to find accommodation in or around Aberdeen rather than face a 200 mile round trip every day. Thus with the lack of provision in the new universities in Scotland, Scottish students wanting to study economics and not having the top grades necessary to get into an old university find themselves unable to study economics. We do not have any data on what they actually do but one possibility is that they choose a related programme in business at a new or old university where the entry requirements are not as tough as for economics (Talbot, Johnston and Reeves 2013).

If economics has become an elite subject studied mainly by those fortunate enough to attend elite universities, and to the extent that access to universities is stratified along the social class margin, then it seems reasonable to conclude that the higher-level knowledge of economics picked up by studying for an economics undergraduate degree will not be spread evenly across the different social classes that make up the population. It is important to make it clear that there is no suggestion that economics departments in elite universities are in any way discriminating against applicants from lower socio-economic groups but there are good reasons to believe that these students are less likely to be able to meet the academic and financial price of attending a highly-ranked institution. While initiatives to regulate admissions and to widen access to elite departments for students from previously under-represented sections of society will no doubt help alleviate the problem, they are unlikely to be a panacea and a social class-based access gap may develop and grow. Whether this translates into differences in the policy area will depend on the extent to which policy preferences are a function of background.

There are three other features of the changing UK HE landscape that deserve mention: gender imbalance, league tables and research assessment exercises. All of these issues have elitist connotations. Tonin and Wahba (2014) in their assessment of the significance of the striking gender imbalance in the recruitment of students to economics bachelor's programmes in the UK's universities highlight the possibility that through its impact on post-graduation earnings the relatively low numbers of women studying economics at the undergraduate level may have made the UK's male-female wage gap larger and more persistent than would otherwise have been the case. It is also suggested that the paucity of female enrolments coupled with differences in male-female preferences over economic policy might lead to policy formulation that is unrepresentative of society as a whole. An analogy can be drawn between this line of argument and the changing provision of economics degrees in the UK's higher education sector. Existing earnings differences between graduates from different social classes may be exacerbated if access to disciplines that are associated with higher earnings — such as economics — has become more restricted: attempts to raise social mobility more generally may also suffer. Similarly, if there are differences between the policy preferences of people from different social classes, then the increased dominance in the serious study of economics by those who are able to study at traditional universities may introduce yet another element of bias into economic policy debates. Mumford (2014) puts down a lot of the explanation for lack of females in undergraduate economics to the relatively small number studying economics at secondary school. For unknown reasons few girls study economics at school. If part of the reason for the withdrawal of so many economics programmes from the UK's new universities is a lack of demand on the part of students from lower socio-economic groups, then why is it that students from disadvantaged backgrounds decide to study business studies rather than economics?

Cribb and Gewirtz (2012) draw attention to the rise of university managers who are concerned with 'gloss and spin', 'impression management' and how they are perceived by others. Introduced by media organisations ostensibly to provide interested parties with higher quality information on which to make choices, the annual round of league tables is now subject to close attention. Universities not doing too well in the latest round of tables can be under intense pressure to raise their ranking. In addition to informing people, these tables will also have a direct impact on the behaviour of universities, so that programmes where entrance requirements may have been reduced in an effort to boost recruitment, perhaps in response to a fall in student demand, may be more likely to be closed since entry scores are one of the factors used to determine league position. Use of the academic price mechanism (offer grades) to fill unpopular programmes now carries a potential cost to the institution as lower entry scores, *ceteris paribus*, will mean a lower league position This is turn may make it more difficult for such institutions to attract well-qualified applicants.

Research assessment

It is difficult to overstate the impact of the Research Assessment Exercises on UK universities. In a scathing assessment of their impact, Willmott (2003, 132) claims that they 'contributed to, and provided legitimacy for, a combination of work intensification, casualisation, tenure abolition and salary depletion'. Lee, Pham and Gu (2013) are similarly unimpressed showing that the increasingly important status and financial consequences of national research evaluation exercises may have led universities to amend recruitment practices and to put pressure on non-mainstream academics to switch research direction. Essentially the several rounds of research assessment exercises since 1992 have whittled down the number of universities doing highly-rated economics research to an elite group of old universities, new universities not getting a look-in where research funding is concerned. When deciding on the costs and benefits of a programme, managers are more likely to retain a programme if the academics involved in its delivery are highly-rated researchers. The financial benefits flowing from a highly-rated research submission from a large group of researchers coupled with the prestige from any positive impact on its league table ranking may well be enough in management's eyes to compensate for a dearth of well-qualified students and the financial consequences this entails. The research evaluation exercises and the increased prominence given to league tables may have had an impact on the decision to retain or withdraw economics programmes from universities prospectuses.

Note:

1.University of Western Scotland. The authors are grateful to the HEA for a small grant to assist with their research.

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Teaching economics

Margaret Stevens[1] reflects on the debate over curriculum reform that we have featured in recent issues of the Newsletter.*[2] Her article is followed by a brief note from Diane Coyle and Simon Wren-Lewis.*

A conversation with one of my students in 2011 crystallized the unease I felt as a university teacher of economics. She had come to study PPE in Oxford three years earlier as the financial crisis began, with many questions about the economic world, about the international financial system, about inequality, and social policy. She specialised in economics, worked hard, and learnt a lot; now she had graduated with a top first class degree. But she still had no idea what the answers were — so was thinking of continuing to graduate study of economics. I couldn't help feeling less optimistic than she did about a master's degree providing the answers.

Of course, we were not alone; many academic and professional economists and students were expressing similar dismay. *The Post-Crash Economics Society* at Manchester, founded that year, was just one of the student-led calls for change nationally and internationally, subsequently brought together under the umbrellas of *Rethinking Economics* and the *International Student Initiative for Pluralism in Economics*. Academic economists as diverse as Edward Glaeser, Paul Seabright, and Ha-Joon Chang entered the debate.

The CORE Project (Curriculum Open-access Resources in Economics), an international collaboration of 25 economists led by Wendy Carlin at UCL, took on the challenge of producing new teaching resources for a broader economics curriculum. The materials are already being tested in universities in Europe (UCL, Bristol, SciencesPo in Paris, and Siena) the US, Australia and India. The CORE approach is to start from evidence — of economies across the world, and the history of their development — and give students tools they can use to analyse and explain what they see. It encourages them to consider economic questions in social, political, ethical and behavioural context, and not to dismiss (as PPE students sometimes do) questions of power or justice as 'beyond the scope of economics'.

In the last RES Newsletter, the *Post-Crash Economics Society* criticised the CORE initiative: 'CORE remains firmly within the methodological and theoretical bounds of mainstream economics'. For PCES, CORE is insufficiently pluralist or heterodox.

I am at one with PCES in seeing the most widely-taught economics curriculum as stuck in a narrow and uninspiring rut. Almost every microeconomics course, at any level, begins with consumer and producer theory, and proceeds to competitive markets and general equilibrium, treating monopoly and oligopoly as special cases, finally reaching public goods, externalities and information problems as an afterthought. While many of those who teach such a course would not characterise themselves as 'free-market' economists, there is certainly a danger that students — especially those who switch off before the final units — take away a message that the world is (or should be) a collection of competitive markets.

But those of us who perceive a problem will not necessarily agree on the solution. And for me, the solution to the problem of an established orthodoxy[3] is not heterodoxy, or pluralism. *Right opinions* — whether one or many — get in the way of thinking. Students used to write in macroeconomics essays: 'Monetarists believe… and on the other hand Keynesians believe…' Lacking the skills to discriminate for themselves amongst arguments presented to them as equally valid, they could only resort to signing up on one side or the other, and concluding 'I believe…'

Economics is not a religion, and we should not be looking for a doctrine or a prophet to tell us what to believe, still less a crowd of squabbling prophets. Pluralism is defined by PCES as multiple perspectives that give 'different, valid answers' amongst which students are encouraged 'to come to reasoned judgements about the best answer'. While open-mindedness and reasoned judgements are of course desirable, I want to teach my students to be economists, not adherents of one or more schools of thought.

PCES is scathing about the failure of 'mainstream' economics to predict the financial crisis, arguably with some justification. But the crisis also illustrates a problem with teaching economics as a backward-looking collection of different approaches and theories.[4] The world in which this crisis happened was different — in terms of technology, communications, and financial institutions — from that analysed by economists of the past, whatever their approach. We can learn from them, but we need more: an outward-looking interest in the economic world of the present, and an ability to develop new models to understand it. To equip our students to predict and avert the next crisis, we should give them the tools and skills to do economics for themselves.

'Economics is what economists do' is usually interpreted as an answer avoiding a question. But what almost all economists do, whatever their methodological or political perspective, is *build* models to help them understand the economy and the behaviour of economic agents.

Economies are complicated; a model is a simplified description that provides insight and explanation, and perhaps predictions, or guidance on policy. Models are not necessarily mathematical or statistical: they may be verbal, graphical, pictorial, or physical. Technology has expanded the range of modelling techniques to include simulation and agent-based modelling. Becoming an economist means learning the art and science of modelling, based on evidence and knowledge of the economy.

An important lesson is that the test of a model is not whether it is *right* — it can never be a perfectly accurate representation of all aspects of reality. Both the power and the limitations of a model come from simplification. Nor is a model the same as a theory; theories are based on models, but usually entail a claim about applicability. A model is valuable if it helps us to understand and explain evidence.

A model can only be judged in relation to the question to which it is applied. Since the art of modelling involves decisions about which factors are important and which may be ignored, a particular model may do an excellent job in answering some questions, and be useless or misleading for others. The standard model of consumer demand may provide a satisfactory explanation of how a change in the price of meat affects the consumption of eggs, despite unrealistic assumptions such as 'full information'. But if we are studying the market for healthcare, or addictive drugs, the standard model may be inadequate: we need to look more closely at what information consumers have and how they use it when making their decisions.

The PCES representation of CORE as 'mainstream' criticises the use of 'such staple tools as indifference curves, marginal products and opportunity costs…. without reference to alternative perspectives which criticise them or theorise differently.' But these are merely tools: the question is not whether they are good or bad in themselves, but whether the model that they have been used to construct captures the essence of the problem we are studying. This is for the students — as apprentice economists — to judge for themselves, rather than relying on 'alternative perspectives'.

CORE aims to give students a range of modelling tools, and uses them to address a much broader range of questions than conventional economics courses. Early in the course, for example, they are introduced to social dilemmas and experimental evidence on how people solve them. In the next unit, indifference curves and marginal products are amongst the tools and concepts used to analyse the implications of institutions and the distribution of economic power. The approach is very different from the standard micro course summarised above, but it would be perverse to throw away useful tools just because they were used in the previous regime — a bit like the smashing of classroom tables and chairs in the Chinese cultural revolution.

The common fate of revolutions that begin on a wave of optimism and unity is to degenerate into factionalism and accusations of betrayal and counter-revolutionary sympathies. It would be sad if the opportunity we now have to introduce real change, and diversity, into university economics curricula were to be wasted in in-fighting. CORE is already a remarkable achievement: an innovative and ambitious introductory course is being adopted in universities around the world. I prefer CORE's model-based, back-to-first-principles approach to the idea of a course structured around pluralism and heterodoxy. But I also recognise that I share many of the objectives of PCES: particularly that students of economics should be encouraged to open-minded and critical, and to understand that economic judgements cannot be separated from the social, political and ethical context. PCES is a remarkable achievement too: not just a protest movement, but a project that has taken on the challenge of building something better. I think that it is more likely to succeed if it acknowledges that there may be more than one way to do that.

Notes:

1. Dept. of Economics, University of Oxford

2. *Newsletters* nos. 168 (January 2015). 167 (October 2014), 166 (July 2014).

3. Derived from Greek: 'right opinion'.

4. Even if, as emphasized by Jamie Morgan in the October 2014 Newsletter in defence of pluralism, it includes 'new bodies of theory.'

...and a note from Diane Coyle[1] and Simon Wren-Lewis[2]

The promise by the Post-Crash Economics Society in the last RES newsletter that they will 'engage constructively' with their department and with other economists in order to achieve curriculum reform so many of us agree is necessary is very welcome. On the face of it, it should be straightforward to agree on constructive reforms. There is a great deal of overlap between what the PCES and other students say they would like to see and the recommendations of — for example — the steering group of academics and employers that reported in this newsletter in April 2013. (http://www.res.org.uk/view/article7Apr13Features.html) Margaret Stevens, writing in this issue, also expresses her agreement with much of what the PCES says.

There are also some areas of disagreement about what change in the curriculum is needed. It is not constructive to interpret this disagreement as evidence that, 'The primary barrier to reform is the belief among a large number of economists today that their version of economics is the right way to do it.' Most economics departments are not trying to ensure their students are 'strictly adhering to narrow methodological frameworks.' What they are trying to do is equip their graduates to think critically about problems such as climate change, inequality and financial cycles, to be able to analyse a wide range of economic questions, to know how to find and interpret evidence, to have an appetite for debate and learning, and to be well equipped for whatever path they choose after graduation.

Learning about economic methodology, history of thought and economic history — more than in most courses today — is desirable. The financial crisis has told us the folly of neglecting the lessons of history. It is interesting that many employers also say they would like graduates to know more economic history. However, they also want graduates with a strong command of econometrics and technical models — already a master's degree is increasingly necessary for those who hope to work as an economist.

Economics is in large part a vocational discipline and these technical tools are necessary too. While there is scope to rationalise the technical tools that are taught to make way for some methodology, history of thought and particularly economic history, that scope is limited. We therefore think economics should not be taught as if it were one of the humanities in a traditional liberal education. Recognising the vocational nature of an economics degree can still allow a 'problem first' approach that the PCES article calls for — indeed, that is the fundamental approach of the CORE curriculum they seem so determined to dismiss. We need reform in the way economics is taught, but not a revolution.

Notes:

1. University of Manchester. 2. University of Oxford.

Revisiting the State of Economics Education

As we reported in the April 2012 issue of the Newsletter *(no. 157), the Royal Economic Society, the Bank of England and the Government Economic Service hosted a conference in February 2012 on the state of economics education. In this article, Alvin Birdi reports on a follow up event, hosted by the Economics Network and held at the Bank of England on Tuesday 17th March. The event was attended by over 140 academics, students, journalists, practitioners and policy makers.*

In her introduction, Diane Coyle noted how the terms of the debate on the economics curriculum had changed since she hosted her original conference in 2012 in which the question under discussion was the direction of change for economics teaching in the wake of the financial crisis. A lot had happened in the intervening three years and it was time to take stock.

Back in 2012 the time was ripe to focus on whether and why to change the curriculum. By 2015 the issue had turned almost squarely to the practicalities, barriers and successes of implementing curriculum reform. The Symposium showed that there was still room for entrenched criticism, even polemic, but that various concrete developments had shifted the debate forwards.

Andy Haldane and Sujit Kapadia opened the conference with a session on the Bank of England's *One Bank Research Agenda*[1] in which the gap between employers' needs and graduate attainment was filtered through the lens of recent macroeconomic policy. The gap was not just, as noted in the Economics Network's employers' survey of 2014/15, in the areas of transferable skills such as written communication and team-working, but also in the conspicuous absence in the curriculum of recent policy priorities such as micro and macro-prudential policy.

The use and analysis of data in teaching was a major focus of the day. In the Bank's introductory session the question was raised as to whether students should be taught to understand new types of data. Appropriate Google searches, it was shown, could perform almost as well as costly surveys in areas such as the tracking of economic sentiment, and simple network node diagrams expressing the systemic exposure of financial institutions may provide powerful information to inform regulatory policy.

Richard Davies (*The Economist*) discussed whether gold-standard econometrics programmes such as Stata should be displaced by computer languages such as Python which are increasingly used to analyse the big data emanating from businesses such as AirBnB, Uber and Facebook. Jonathan Haskell (Imperial College) retorted that economics is inference based and relies on samples rather than population analyses which he argued were more relevant for business prediction than for economic understanding.

Discussions of curriculum reform often create wishlists of topics that should be included in the syllabus. The focus on practicality and implementation at the Symposium inevitably meant that the appropriate consideration was of what must be left out of the syllabus to make way for the new. Steve Pischke (LSE) reported on the very real challenges involved in delivering an econometrics course squarely aimed at problem-based dataanalysis but which has excised from the syllabus dearly cherished well-established parts of the traditional theoretical econometrics apparatus.

One of the clearest examples of concrete practical curriculum reform is the new CORE curriculum developed by Wendy Carlin (UCL) and taught at University College London and the University of Bristol this year (as well as at a number of overseas universities). One panel was devoted to CORE although it also surfaced repeatedly as a focal point throughout the day. The Symposium heard from students at UCL who spoke of various benefits of the online and multi-media interactive text, not least for students with specific learning disabilities. Ralf Becker (Manchester) reported on the institutional challenges of introducing a new syllabus such as CORE into a large department and Ha-Joon Chang, while acknowledging the considerable practical progress made by the CORE project, reported on a new INET-funded initiative to develop another syllabus based on a more obviously ‘heterodox’ economics than is apparent in CORE, whose focus is on bringing the insights of recent economics research to the forefront of undergraduate teaching.

Other speakers considered ways of broadening the curriculum and the benefits of perspectives beyond those traditionally taught in economics departments. In the summing up, Charlie Bean, Alan Kirman, Dave Ramsden and Vicky Chick considered the next steps to be taken in the reform of economics teaching. That the discussion had shifted since the original symposium in 2012 was clearly evident but one left feeling that the debate was far from settled and that another such gathering may well be expected at the Bank in another few years.

Note: 1. See also this issue, p.19

EREP

Economists for Rational Economic Policies

Policy Advocacy Group Formed

Next month British voters will go to the polls to endorse or reject the policies implemented by the Coalition government. It is important that the debate among the parties explicitly address the major challenges that the next government will face. Prominent among these challenges is management of the economy.

To encourage and participate in political debate over economic policy in February several of us formed Economists for Rational Economic Policies (EREP). Any economist who endorses our statement of purpose (see below) is welcome to join us. Our purpose is focused, to prompt political parties and candidates to make explicit their position on management of the macro economy, especially with regard to fiscal policy.

For five years the Coalition government has made macroeconomic management derivative from deficit reduction, so called austerity policies. This endogenizing of fiscal policy has resulted in the slowest recovery on record, as well as a serious under-funding of public services at local and national levels, including (taking account of demographics) the National Health System.

As our manifesto makes clear members of the group need not agree on the balance between current and capital expenditure nor on the distribution of expenditure among public sector activities. The key issue that unites us is that an active, countercyclical fiscal policy constitutes sound economic management, in contrast to the dysfunctional austerity approach to macro management.

The group came together with the immediate and urgent purpose of fostering debate over macroeconomic management in the run-up to the May election. Whatever is the election outcome the need for economists to intervene to foster active fiscal and related policies will continue, as will EREP.

Statement of Purpose

The goal of economists and their profession is to promote the general welfare of the community. This requires supporting those strategies that foster full employment and broadly based economic activity. A sound and active fiscal policy is an essential element for promoting general welfare and stability through investment, full employment, and broadly based activity.

A sound and active fiscal policy —

1. does not seek a continuously balanced overall public budget;

2. compensates for inadequate or excessive private sector demand by a countercyclical management of current expenditure to maintain the economy near full potential;

3. expands the role of automatic stabilizers including support for the unemployed and a counter-cyclical tax structure; and

4. incorporates public investment to increase the potential growth rate and ‘crowd in’ private investment in areas of priority.

Members of the group will provide technical expertise and regular non-technical briefings for politicians, journalists and NGOs in support of these guidelines. We will explain their importance and correct popular misunderstandings of economic policy.

Anyone wishing to join EREP and contribute to its work should contact us via Prime Economics, beatrice.banks@primeeconomics.org.

Election briefings

As the next UK general election approaches, a number of the UK's most prestigious research centres have taken the opportunity to publish analysis, briefings and reports on the major economic issues, as a means of raising the level of popular debate. These include the Centre for Economic Policy (at LSE) and the Institute for Fiscal Studies (IFS) as well as NIESR and the University of Manchester

In its #ElectionEconomics series the **CEP** provides objective, brief and non-technical background briefings on the policy issues in the May 2015 UK General Election. The analyses are provided by some of CEP's expert researchers and draw on its past and current research.

This series discusses the research evidence on some of the UK's key policy battlegrounds, including immigration, austerity, living standards, productivity, business, Europe, health, education, crime, inequality, gender regional policy, housing and planning, climate change and energy. As the *Newsletter* went to press the following had already appeared:

• *Austerity: Post-election tax rises in prospect to meet deficit reduction targets*

• *Low Productivity: Policies to tackle Britain's number 1 problem*

• *Should we Stay or Should We Go?: The economic consequences of leaving the EU*

• *Immigration and the UK labour market*

• *The Economic Performance of UK Cities: can urban and regional policy make a difference to the North-South divide?*

• *Real Wages and Living Standards*

• *Schools: the evidence on which policies can really improve pupil performance*

The full reports, abstracts, press releases, and in some cases videos, are available at:

http://cep.lse.ac.uk/election2015/

The **IFS** has titled part of its website IFS analysis for the 2015 general election. At the moment, this offers a detailed analysis of the 2015 Budget and an IFS Election Briefing Note which shows that the reforms introduced by the coalition have for the most part involved simply changing rates and thresholds with little attempt to address the fundamental structural deficiencies of the tax system. It concludes that pllenty of challenges remain for whoever wins the election in May.

Whoever forms the next government will face the difficult decision of how much to tax, how much to spend, and therefore how much to borrow over the next few years. The IFS website provides an interactive tool that allows readers to act as Chancellor, decide how they would balance the books, and see the consequences of their choices.

The UK productivity puzzle also features in **NIESR's** research, together with a study of the macroeconomic implications of the parties' fiscal plans. These and many other topics are covered by publications listed in the 'Policy Evaluation' section of NIESR's website: http://niesr.ac.uk/research-theme/policy-evaluation

Policy@Manchester is an initiative which has been created to showcase the contribution of academics from **The University of Manchester** to public policy development in the UK. Amongst the items of most relevance to the forthcoming General Election are:

• *The truth behind 'Pensions Freedom'*

• *Locked up in limbo* (the UK's treatment of asylum seekers and refugees)

• *Engaging with the electorate* (the need for politicians to improve communication skills)

The University's 'Polling Observatory' also produces regular reports on the state of the parties in the UK as measured by opinion polls.

A newly published book by **Vicky Price, Andy Ross and Peter Urwin**, *It's the Economy Stupid*, is explicit in its aim to provide readers with 'ammunition' to protect themselves against claim and counter claim in the current debates. It covers the macro issues (austerity, productivity and growth, Europe) and micro/social policy issues (health, environment, discrimination, immigration). Since all three authors have extensive experience of working in the Government Service, it's hardly surprising that the book is both well-written and well-informed. To quote Diane Coyle, 'How marvellous it would be if we all got ready to meet our candidates during the next few weeks by lining up our questions and factual ammo from the book and these [other] excellent resources'.

New journal rankings

The new version (ver. 5) of the ABS quality guide to journals was published in February. It can be accessed at: http://www.bizschooljournals.com/.

The list 'Is a guide to the range, subject matter and relative quality of journals in which business and management academics publish their research' (p.5).

The classification process uses a mixture of citation and similar metrics for each journal, modified, where necessary, by the views of the relevant community, established via consultation. The guide itself says that the process drew on five sources of evidence (p.6):

- The assessments of leading researchers in each of the main fields and sub-fields;
- The mean citation impact scores for the most recent five-year period (where available);
- Evaluation by the Editors and Scientific Committee of the quality standards, track records, contents and processes of each journal inluded in the Guide;
- The number of times the journal was cited as a top journal in five lists taken to be representative of the 'world' rating of business and management journals; and
- The length of time a journal has been established.

The previous (2010) Guide placed journals in one of four categories ('4' being the highest); the new Guide introduces a fifth, '4*', to identify 'journals of distinction'.

So far as economics is concerned, the most obvious development since 2010 is a large increase in the overall number of journals listed from 134 to 319. The additional journals come from all fields of economics, econometrics and statistics, but are rather broader than those listed in version 4. The increased coverage is doubtless to be welcomed.

In 2010, 65 economics journals were listed in the upper categories (17 in '4' and 48 in '3'). In 2015, 17 are listed again as '4' but there are 6 ranked as 4* and 69 ranked '3', making a total of 92 in the higher categories.

A caution

Readers will wish to bear in mind that neither the Royal Economic Society, nor its Conference of Heads of University Departments of Economics (CHUDE), endorses the use of this or any other list of ratings for purposes of evaluation. In the REF, for example, outputs are evaluated on their own merits.

While in France...

Some readers may like to compare the ABS guide with its French equivalent published in November 2014. This is available at: https://sites.google.com/site/section37cnrs/Home/revues37. Beware: in the French guide the ratings are reversed. '1' is the highest. This is not the only interesting difference.

University of the West of England
BRISTOL

ROYAL ECONOMIC SOCIETY FOUNDED 1890

PhD Conference in Monetary and Financial Economics

Monday 29th June 2015

This is an opportunity for PhD students in money, macro and finance to present their work in a friendly and supportive atmosphere and to receive written feedback. The day, which begins at 09.30 and finishes at 5.30, consists of a number of parallel sessions and keynote addresses from a leading academic and practitioner in finance/economics.

The speakers this year will be:

Jagjit Chadha
Professor of Economics at the University of Kent,
Visiting Professor, University of Cambridge,
Gresham Professor of Commerce, Chair of the Money, Macro, Finance Study Group.

'Monetary Policy After the Fall'

Ian Tonks
Professor of Finance, School of Management,
University of Bath.

'Decentralized Investment Management: Evidence from the Pension Fund Industry'

Submissions
Submissions should be completed papers or drafts of completed research. All submissions must include a contact address, an e-mail address and a contact phone number. Please note that **abstracts alone will not be accepted.** The deadline for submissions of drafts is **Friday 22 May 2015**. Submissions received after this date cannot be considered for review. We will send an e-mail confirmation shortly after receipt of the submission. Submissions should be sent to cgf@uwe.ac.uk

The fee of £75 includes coffee, lunch and tea.

If you have any academic queries regarding the conference please e-mail Jon.Tucker@uwe.ac.uk

New IEA Vice-President

The IEA is delighted to welcome Daniel Rodrik as new Vice President of the International Economic Association. We look forward to working together with him and involving him in the activities of the IEA.

Please do not forget that you can use the IEA webpage and mailing list to announce your activities and events.

http://www.iea-world.org
email:secretary.iea.world@gmail.com

The Bank of England's research agenda

In last July's Newsletter,[1] *Stephen Millard described the Bank of England's plans to increase contacts with academic economists. In the next key stage of this development, the Bank has now published a* One Bank Research Agenda *and an accompanying discussion paper. This article states the Bank's key research themes as set out in the discussion paper.*

The Bank's responsibilities have expanded substantially in recent years to embrace not just monetary policy but also macro/micro and banking/insuranceprudential regulation. Given this increase in the breadth of its responsibilities, Stephen explained the Bank's desire to increase contacts with researchers working outside the Bank.

As part of its strategy, the Bank has developed a new area of its website entitled *One Bank Research Agenda* (OBRA), which gives researchers access to a range of resources including additional datasets (over and above those available in the Bank's statistical database) and a discussion paper. In launching this initiative at a conference on 25th February, the Governor said: 'The Agenda aims to improve the coordination of our research across all policy areas, to make the best use of our data, and to cultivate an extensive research community that spans the Bank and beyond . . . In short, we are aiming to transform research at the Bank to the same extent as the Bank's responsibilities have transformed in the wake of the financial crisis.'

The research themes

OBRA sets out the Bank's five key research priorities ('themes'), suggests a number of 'issues' raised by those themes and shows how those issues might be converted to a set of researchable 'questions'.

The five themes listed in the Bank's *Agenda* are:

1: Central bank policy frameworks and the interactions between monetary policy, macroprudential policy and microprudential policy, domestically and internationally;

2: Evaluating regulation, resolution and market structures in light of the financial crisis and in the face of the changing nature of financial intermediation;

3: Operationalising central banking: evaluating and enhancing policy implementation, supervision and communication;

4: Using new data, methodologies and approaches to understand household and corporate behaviour, the domestic and international macroeconomy, and risks to the financial system; and

5: Central bank response to fundamental technological, institutional, societal and environmental change.

Competitions and datasets

To promote interest in its *One Bank Research Agenda*, the Bank of England has launched two competitions. The first is on Data Visualisation. To coincide with the release of the new Bank data sets, it wants to see what novel insights they might yield. Entrants are free to focus on whatever they like, as long as the subject employs some of the newly available data in some way.

The second competition is for the best research paper — the 'One Bank research' competition. The paper should fall under the topic of the interaction between microprudential, macroprudential and/or monetary policy. The Bank is particularly keen to encourage early-career researchers.

The winners of each competition will be decided by separate judging panels of Bank staff and external academics. The prize for both competitions will be £5,000.

Further details on these competitions and how to apply can be found via the links below.

By opening up its research agenda, the Bank aims to improve the coordination and openness of its research across all policy areas, to ensure the Bank makes the best use of the data, and to cultivate an extensive research community both within and outside of the Bank. Readers who are interested in finding out more should follow the link to the website and/or send an e-mail to OBRAgeneral@bankofengland.co.uk.

Access

Website:
www.bankofengland.co.uk/research/Pages/onebank/agenda.aspx

Discussion Paper
www.bankofengland.co.uk/research/Documents/onebank/discussion.pdf

Email
OBRAgeneral@bankofengland.co.uk

Competitions
www.bankofengland.co.uk/research/Pages/onebank/competition.aspx.

Note: 1. 'The Bank of England's engagement with academia', *Newsletter* no.166, July 2014.

What do we really know about the effects of free trade agreements?

In an earlier contribution to this Newsletter[1], *Michael Joffe*[2] *argued that economics should be based on evidence. Here he shows how* not *to do it.*

With the major role that obtaining evidence now plays in research, we should be able to generate theories that correspond well with the real world. Progress has been made in this direction in recent decades, but there is still some way to go. This enterprise has two aspects: the negative one of identifying which parts of traditional economics should be jettisoned, and the positive one of building theory from observations, generalisations, and explanations of observed phenomena.

In this article, I examine a variant of the negative aspect, in which evidence has been used, but the conclusions reached have been dominated by a default way of thinking derived from old-fashioned schematic notions about the way the world works. By exploring the case of international free trade agreements, I argue that a complicated multi-causal reality has been portrayed in over-simple terms, and this has resulted in wildly inaccurate predictions. I focus not on the more abstract modelling approaches, but rather on a methodology that incorporates evidence into the analysis. This is to illustrate the point that the mere fact that one uses evidence is not sufficient to generate an account that corresponds well with the real world, as long as gaps in understanding are filled by naïve extrapolations.

International free trade agreements are ubiquitous. Canada and the EU have recently negotiated the Comprehensive Economic and Trade Agreement (CETA). Twelve countries (not including China) are involved in negotiating a Trans-Pacific Partnership (TPP). Discussions are underway for a potential Transatlantic Trade and Investment Partnership (TTIP). Numerous smaller ones are in the works.

How much do we know about the consequences of these agreements? Even if they increase trade, what then follows in terms of employment, wage levels, etc? I will argue here that our knowledge is seriously deficient. The case presented is not about the merits or demerits of such treaties, but rather whether or not we have sufficient evidence to make an informed judgement about those merits. This is not the same as the more general issue of openness to international trade; a national policy of outward orientation or export-based growth may have different consequences from a free trade agreement between countries.

The central problem is the existence of other major economic forces. Elegant models can be constructed, with a ceteris paribus assumption. But their predictions need to be evaluated following implementation, and this can only be done successfully if it is possible to evaluate the *attributable* consequences, teased out from all the economic events that followed implementation.

NAFTA and its consequences

There is a large literature on this topic. I focus here on the North Atlantic Free Trade Association (NAFTA), which came into force on 1 January 1994. The advantages are that it was of a size that would be expected to have large effects; that there has been sufficient time to evaluate these; and that NAFTA has been thoroughly studied, in terms both of predictions beforehand and of subsequent events. In particular I concentrate on Mexico, because Canada had an earlier treaty with the US that would have had larger consequences, and the effects on America were relatively small because of the size of its economy relative to the other participants.

Predictions based on a variety of modelling approaches and assumptions were published in the early 1990s. Probably the most cited of these is the thorough 1992 study by Hufbauer and Schott, which used a 'historical' approach.[3] This report is closely argued, based on detailed analysis of a wide range of evidence, including a seven-volume World Bank report. The authors state that their perspective is 'responsibly optimistic', so they do not claim to be entirely non-partisan. Finally, it has the advantage that the same authors revisited the topic in 2005.[4] Accordingly, I will compare their 1992 and 2005 reports in order to ascertain how closely their predictions were realised in reality. Whilst I do not claim that such a comparison is representative of the state of the art of this type of prediction — no doubt it is possible to find examples of accurate prediction in this very large literature — it does illustrate the main points.

In 1992, Hufbauer and Schott reviewed seven studies, including their own. All predicted a rise both in Mexico-to-US exports and in US-to-Mexico exports, with a wide range of values. Three predicted an increase in Mexican exports to the rest of the world, and three predicted a decrease. Predictions of the Mexican trade balance varied from -12 to +4 billion USD. Three studies predicted that Mexican employment would rise, two predicted no change, and one predicted a fall. Of the five studies that had predictions for the Mexican wage rate, four predicted a rise and one predicted no change.[5] Thus, taking these reports as a group, there was considerable uncertainty over the likely impacts of a future NAFTA, although admittedly some of this could be attributed to uncertainty over the precise content that NAFTA would have at the time they were writing.

For brevity, I will focus just on the study by Hufbauer and Schott themselves. Their main predictions for Mexico were:

- the current account deficit would rise, allowing much-needed imports to flow in;
- exports would rise, therefore so would tradable sector employment (estimated as 609,000 jobs);
- it would be the 'beginning of the end for the maquiladora program … the raison d'être for most maquiladoras will soon fade away' (p. 334);[6]
- increased competition would stimulate higher productivity and international competitiveness — 'the most important objective of the NAFTA' (p. 4);
- the wage level would remain unchanged;
- the peso would appreciate by 29 per cent due to increased capital inflows, reducing the cost of living.

As it turned out, the economic trajectory of Mexico immediately after NAFTA implementation was dominated by the peso crisis of December 1994, in which the peso depreciated from 3.4 to 7.2 per US dollar, rather than appreciating as predicted, partially recovering to 5.8 four months later. The crisis was triggered by political events, but had economic roots — a current account deficit, not considered in the analysis by Hufbauer and Schott, that could no longer be funded.[7]

Following the peso crisis,[8] real wages fell 22 per cent by 1997, largely recovering by 2003. In contrast, productivity grew (except during 1996-2001), continuing a pre-NAFTA trend — although it was judged disappointing, except in some specific industries such as autos. Employment in maquiladoras doubled to over a million. The overall rise in employment was over 8 million, mainly in services. The current account deficit fell in 1995, at the expense of a 6.9 per cent fall in GDP, and remained small by pre-NAFTA standards thereafter.

Clearly these changes are not necessarily attributable to NAFTA. That is the point: other economic forces are likely to be more powerful than free trade agreements. The most important of these were:

- movements in the exchange rate, especially the peso crisis of 1994-95;
- other liberalization initiatives, e.g. the earlier switch from ISI to an export-oriented model;
- rural/agricultural policies, largely aimed at shrinking unproductive small-scale agriculture;
- the Progresa programme (see below);
- the rise of China, making it more difficult to compete internationally;
- oil prices;
- the US trade cycle and growth, which strongly affect the Mexican economy.

But neither are the actually-occurring changes compatible with Hufbauer and Schott's predictions of NAFTA's effects. For the exchange rate, current account and maquiladora employment, the actual trend was opposite to that predicted. Wages dropped sharply rather than staying constant. Although competitiveness — the main justification for NAFTA — increased in a few sectors, it was by far less than predicted. Employment increased by a great deal more, but in services and maquiladoras, not in non-maquiladora export industries. One could do better tossing a coin.

A central problem in the evaluation of free trade agreements is that ideology obscures reality. The 1995-96 fall in wages was blamed on NAFTA by its opponents. The post-crisis growth in exports and thus in employment was attributed to NAFTA by its enthusiasts — but occurred even more strongly in the maquiladora sector (unaffected by NAFTA) than elsewhere. The first is explicable by the December 1994 crisis when the peso crashed, which was not closely linked with NAFTA, and the second by the knock-on effects of this devaluation — which explains why the maquiladora sector expanded rather than withering away. Growth in services may have been aided by the lower wages. Yet the major player here, the exchange rate, did not feature in the detailed analyses of the Mexican economy that were carried out in preparation for NAFTA, including the one by Hufbauer and Schott. Similar remarks apply to GDP growth, which averaged 2.9 per cent in 1994-2004 — far short of converging towards the US.

Even the most proximal of effects of the agreement, an increase in trade flows, was less affected by NAFTA than the raw figures suggest, because the trade flows were largely accounted for by the rise in maquiladoras.[9] Mexico-to-US exports rose from 40.4 billion US dollars in 1993 to 139.0 in 2003, when maquiladora output was 77.5; US-to-Mexico exports rose from 41.5 to 97.2 when maquiladora input was 59.1. Because maquiladoras have no linkages elsewhere in the economy, they cannot be expected to have the normal positive externalities — but their inputs and outputs are still counted as imports and exports in the statistics.

Investment largely shifted from portfolio investment to FDI, as predicted. However, as Hufbauer and Schott say, 'Contrary to the expectation that foreign investment would be concentrated in the lowest-skilled activities, the principal impact of FDI in manufacturing was to raise the demand for semi-skilled workers and the wage premium paid to them'. In fact, FDI mostly flowed into existing assets, not into increasing production.[10]

Other issues feature in the 2005 report that were not prominent in the earlier one. There was a sharp contraction in the number of small and medium sized enterprises, consistent with increased exposure to competitive pressure. There were falls in poverty and inequality - likely to have resulted mainly from the increase in employment following the peso devaluation, and from the Progresa programme of conditional cash payments.[11] Another unexpected development was related to dispute settlement: 'In practice, however, the rules … have fostered litigation by business firms against a broader range of government activity than originally envisaged'. Thus, concentration in enterprise ownership, changes in poverty/inequality, and the extent of dispute settlement, as well as the devaluation, were not even included in the list of predicted effects. And as we have seen, that list of predictions did not turn out to correspond with what actually happened post-NAFTA.

Conclusions from this cautionary tale

What can we learn from this? We know from the rise of East Asia that trade openness *can* lead to increased competition, and thence to productivity growth. But it does not *necessarily* have this effect, and introducing a free trade agreement does not turn a relatively unproductive manufacturing sector into a world-beating one. Indeed, exposure to intensified international competition can be detrimental. More broadly, even if trade expansion does occur as a result of such an agreement, its consequences for employment, wage levels, etc cannot be deduced in a simple way.

These conclusions may seem obvious. In any case, the original Hufbauer and Schott report was over twenty years ago — surely things are better now? Unfortunately not; the same approach is still being taken in the current attempts to predict the consequences of TTIP. A good example is a study that combines a sophisticated general equilibrium model with econometric estimates based on the ideal datasets, in order to predict future trade flows.[12] The link from there to real GDP is then taken as automatic, reminiscent of the Hufbauer and Schott attempt to predict employment changes by doing a simple calculation based on changes in imports and exports. And the predictions ignore wider forces that will likely prove more important than TTIP itself, just as Hufbauer and Schott did with NAFTA. The world is just not that straightforward; the consequences of trade growth depend crucially on the context.

This before-after comparison shows the limits of our current understanding of the economy. It also uncovers a tendency in the work of some economists to gloss over that fact, using unjustified notions derived from old-fashioned schematic thinking that is not supported by the evidence.

In addition, we can learn a great deal by making comparisons of this kind — both from what was correctly predicted and from what was not. Such a comparison can highlight where our knowledge is relatively secure, and where it is empirically inadequate. It can also make a contribution to the positive aspect of evidence-based economics, by identifying our current strengths and weaknesses and by suggesting better hypotheses — but this topic is beyond the scope of the present article.

Notes:

1. Joffe M. Can economics be evidence-based? http://www.res.org.uk/view/art4aApr14Features.html

2. Imperial College, London

3. Hufbauer GC and Schott JJ. *North American free trade: issues and recommendations*. Institute for International Economics, Washington DC, 1992.

4. Hufbauer GC and Schott JJ. *NAFTA revisited — achievements and challenges.* Institute for International Economics, Washington DC, 2005. A comparison of these two reports has previously been carried out by Grumiller. This is parallel to the present article, but differs in that it focuses particularly on computable general equilibrium (CGE) models. He reaches similar conclusions. See Grumiller J-A. *Ex-ante versus ex-post assessments of the economic benefits of Free Trade Agreements: lessons from the North American Free Trade Agreement (NAFTA)*. OFSE, Vienna, 2014. Available at http://www.oefse.at/en/publications/briefing-papers/detail-briefing-paper/publication/show/Publication/Ex-ante-versus-ex-post-assessments-of-the-economic-benefits-of-Free-Trade-Agreements/ [accessed 6 March 2015]

5. These are summarised in table 3.4 of Hufbauer and Schott, 1992.

6. Maquiladoras are firms with special legal status. They typically import components for assembly (mainly by ex-rural unskilled female workers), and export the finished product. Before NAFTA they were granted tax advantages, that were then eroded by NAFTA. This sector is highly sensitive to the peso/dollar exchange rate and to the health of the US economy.

7. It was however predicted by others, e.g. Stanley Fischer in 1988 and Nora Lustig in 1992: Fischer, S. 'Real balances, the exchange rate, and indexation: real variables in disinflation', *Quarterly Journal of Economics* 1988; 103(1): 27-49. Lustig N. 1992. *Mexico: the remaking of an economy*. Washington, DC: Brookings Institution Press.

8. This account is based on Hufbauer & Schott 2005, except where indicated, adhering to the before/after comparison.

9. See Blecker RA. 'The North American economies after NAFTA'. *International Journal of Political Economy* 2003; 33(3): 5-27.

10. Salas C. 'Between unemployment and insecurity in Mexico: NAFTA enters its second decade', in Scott R, Salas C, Campbell B. *Revisiting NAFTA: still not working for North America's workers.* Economic Policy Institute, Washington DC. Briefing Paper 173, 2006, 33-52. http://www.epi.org/publication/bp173/ [accessed 6 March 2015]

11. Progresa was created in 1997, rebranded as Oportunidades in 2002, and subsequently as Prospera. Randomised controlled trials have demonstrated its effectiveness in reducing poverty and improving education, nutrition and health. Similar achievements have been documented elsewhere in the world, e.g. Brazil.

12. Felbermayr G, *et al*. *Macroeconomic potentials of transatlantic free trade: a high resolution perspective for Europe and the world.* CESifo, Munich. Working Paper 5019, 2014. See pp 11-12 for the translation of trade flows into GDP in the model.

Obituaries

Frederic S Lee

Frederic Sterling Lee passed away on October 23, 2014 after having been diagnosed with stage four-lung-cancer early last year. The heterodox economics community has lost an important figurehead and scholar. By scholar I do not mean having an academic rank in a certain university or college or the modern restricted view of an academic actively engaged in research and publications. By scholar I mean an academic that is engaged in teaching practices and all the challenges of research but also the service to the scientific and academic community. I also mean that scholars are engaged in processes of creative work and integrity is reflected by their ability to learn from others and how to communicate their knowledge to students, younger colleagues and so on. Fred Lee was and will remain of model of scholarly integrity for all of us and for the coming generations of heterodox economists through his energy and dedication to 'a healthier economics discipline', generosity and support towards younger scholars in sharing from his knowledge and academic experience.

Fred Lee was unusual in the sense of pursuing both the academic life and activism with the same vigour, having made both academic and institutional contributions to the development of economics as a discipline. To Fred Lee (amongst many other radical economists) we owe gratitude for his efforts to help the institutional establishment of heterodox economics in UK, the organization of the Association of Heterodox Economics in UK, work on the Research Excellence Framework and the impact on heterodox economics as also research on alternative and pluralist rankings of academic journals. In *How I became a heterodox economist* (http://heterodoxnews.com /leefs/cv/predestine/), Fred explains how he was 'predisposed; to become a dissenting economist. Born on November 24th 1949, both his parents' family backgrounds and his father's interests in current economic and social issues, contact with Marxist and Institutionalist writings created a very progressive environment where politics, civil and workers rights issues were frequently discussed. Having a background in history, graduate classes in philosophy and philosophy of science that contributed to his own intellectual growth, Fred Lee confesses his realization that economics was the discipline that posed very interesting social questions. Being interested in understanding the way capitalism functions, Fred Lee decided to study economics. Under the mentorship and influence of Alfred S Eichner (a Post-Keynesian economist) whilst pursuing his doctoral studies at Columbia University the initial ambition of Fred Lee was to contribute towards a coherent underlying theoretical framework for Post-Keynesian economics. This was to be achieved through a coherent and realistic theory of prices that could ground the macroeconomic theory. The project has evolved and transformed into more essential concerns of building coherent foundations for heterodox economics as a complete alternative to neoclassical economics.

I met Fred Lee for the first time whilst I was still a doctoral student in 2004 at the Association of Heterodox Economics Conference in Leeds when I encountered his passion for heterodox economics and his commitment to build a thriving community of heterodox scholars and his availability to engage with young scholars and their ideas. Whether this is desirable or not, Fred's vision was of a unified heterodox economics as a coherent alternative to neoclassical economics. His economic system and intellectual thinking has evolved through various cornerstones but it has crystallized during his last two years of life especially regarding the principles and philosophical grounding of an alternative heterodox (micro) economics and their methodological implications. There is no doubt that Fred's historian background is present throughout his approach and understanding of economics. The main focus of investigation of a historian is 'what is real'. For Fred, the economic science is a systematic body of knowledge that is trying to understand and explain socio-economic phenomena and the functioning of capitalism. Fred Lee used to tell me quite often that heterodox economists have the same unrealistic theories that neoclassical economists do — and this was the motivation behind *Post-Keynesian Price Theory* (1998). For me, this is one of two particular books that stand out amongst Fred Lee's intellectual achievements: the other is *A History of Heterodox Economics* (2009).

The aim behind *Post-Keynesian Price Theory* was to supply a consistent and realistic price theory in the Post-Keynesian tradition 'by developing an empirically grounded pricing model in conjunction with an empirically grounded production schema'(Lee, 1998: 3-4). The methodology used to develop the pricing foundations of Post-Keynesian theory has been inspired by the empirically grounded theory as developed by Glaser and Strauss, 1967. Based on 100 studies, this is a synthesis of the three costing and pricing doctrines used within the Post-Keynesian Theory of Price: 'The pricing model developed above is based on the ideas, arguments, theory, and formal and informal methods of analysis found in the administered prices, normal cost prices, and mark up prices doctrines coupled with their empirical grounding and thus represents a synthesis of the three doctrines' (1998: 229). According to Fred, only a synthesis of these three perspectives on costs and prices can ensure a coherent and real description of the mechanism of prices and the functioning of the economy. In *A History of Heterodox Economics*, Fred was interested in writing a history of non-neoclassical economics, ideas, concepts and 'social system at work' and about all the ideas involved in a community of non-neoclassical economists. In the preface of the book he has acknowledged the perspective of the storyteller and the difficulty in reconciling various perspectives and the life histories of so many economists and their 'particular events'.

Finally, Fred Lee will be remembered as an important heterodox economist who has contributed towards building a community of heterodox scholars and attempted to unify heterodoxy in a similar vein with Passinetti: for Fred, economics should be grounded in the empirical world and should be orientated to improve the well-being and the quality of life of individuals around the world.

Ioana Negru
School of Oriental and African Studies
London

Johannes de Villiers Graaf[1]

Truly great economists are distinguished by their ability to translate their theoretical insights into practical policy. This characterization certainly fits Jan Graaff. Many economists have written good theory, albeit few as good as his; fewer have shown his ability to translate it into meaningful policy. This was apparent from the first, when his PhD from the late 1940s was converted into one of the great texts on welfare economics, *Theoretical Welfare Economics* (1957). Despite its very abstract content, the book is alive throughout with the importance of linking theory and practice.

Theoretical Welfare Economics has been lauded from all sides. In his forward to the second edition in 1967, Nobel laureate, Paul Samuelson, called it, 'a classic in our time'. When he wrote it Graaff was already known as one of a small circle of young intellectual pioneers who were developing the core concepts of welfare economics, regarded by many as most important area in economics at that time. This group included such luminaries as Little, Scitovsky, Baumol, Johnson and Samuelson himself. All of them acknowledge Graaff in their influential books. In Samuelson's view, it was Graaff, Oskar Lange and Samuelson himself who followed through on Bergson's lead in the 1930s to build the new welfare economics off the foundations of Pareto, Hotelling, Lerner, Kaldor and Hicks. Graaff's work was acknowledged by authors of the left too. Maurice Dobb referred to it frequently, while Ian Steedman described it as, 'the single greatest book on modern welfare economics'.

What made Graaff's work special is that he provided a yardstick for judging the well-being of an economy that went beyond the familiar Pareto efficiency criterion: although an economy may be operating *efficiently* in the sense of utilising all available resources, this may not coincide with the most desired *distributional* outcome. This distinction was crucial in revealing as overly harsh the 1930s assault on welfare economics as being severely limited by its inability to deal with arbitrary interpersonal comparisons of utility. In Graaff's research he went on to show the usefulness of this distinction in clarifying feasible and potential social welfare, making decisions between present and future consumption and investment, solving index number problems through understanding social income, and setting optimal tax rates and tariff levels. These issues remain staples of contemporary microeconomics text books.

His talents were easily observed at the outset. He was renowned for his inordinate early precocity, having matriculated second in the country at the age of 15. At Cape Town, the Head of the Department of Economics, Professor H M Robertson, kept in his departmental archives the first year Economics examination script of the young Graaff in which, in his squiggly handwriting, he came up with the most astonishing and mature insights into the fundamentals of his subject, far above those expected of the ordinary first year student.

He attended St John's College, Cambridge, in an era when economics was still enveloped in the ambience left by John Maynard Keynes. In these highly stimulating surroundings, Graaff set about studying his subject in depth. Even before completing his PhD the young man from South Africa made his presence felt. At the age of 20, he read a paper at the Oxford-London-Cambridge Joint Economics Seminar, 'Towards an Austerity Theory of Value' (published in the March 1948 issue of the *South African Journal of Economics*). The austerity referred to problems arising from consumer rationing in Britain after World War II. The paper took the form of the typical Graaff paper, it was tightly reasoned and backed through graphs and advanced mathematics. This, coupled with the high level at which he was wont to approach his subject, eased his way towards publishing in some of the most respected journals of economics.

Years later, Cambridge invited him as a pioneer Fellow in the newly established Churchill College. He was later honoured by the University of Stellenbosch, and was about to be honoured by his Alma Mater when he died. He served the South African government in various capacities and was chairman of Nedbank for 30 years. Through it all he kept a low profile and was not known to comment publicly on ephemeral economic events of the day.

However, he was known to comment on the state of the discipline, serve his country and his fellow South African Economists. In the 'sixties, when uninspiring first year syllabi began with dull introductions, inclusive of such things as the definitions of a science, Graaff said students in the first year should be taught to read a newspaper intelligently — reminiscent of Keynes's saying, to be a good economist 'one must know one's Marshall and read one's *Times*.' Graaff diligently kept reading top-level publications on economics, even when on his farm, Die Eike, located in Ceres in the Western Cape. He once said 'I must be the only one in the world who has read all of Meade's *Trade and Welfare*. I did so while overseeing sheep-shearing in a shed on the farm.' Graaff's advice to the government led to important changes in both legislation and policy. In the 1970s he was on John Vorster's National economic advisory committee. In the 1980s, he was the dominant figure on the Margo Commission that led to reform in tax law — Graaff favoured indirect taxation. He continued these activities in the 1990s, providing the comprehensive Katz Commission with a number of interim reports on a variety of the socio-economic aspects of taxation.

He was President of the Economic Society of South Africa for the 1968-69 term, and a true friend of the *South African Journal of Economics* throughout — including the long, dark days of Apartheid, when the *Journal* often teetered on the brink of closure. Overseas contributions dwindled distressingly, promising young graduates emigrated, and many an issue was saved by a paper that turned up at the very last minute. Graaff kept a friendly eye on the *Journal* from afar, often complimenting the editors.

He was an equable and soft-spoken man with a commanding presence. This could have been partly due to his international fame, and partly because, in debate, he affected a manner of speech that bespoke of a gravitas, which made younger economists stand in awe of him.

Jan was an accomplished rock-climber, mastering some of the most formidable climbs in the Alps, Himalayas and in Southern Africa. He had a number of hair-raising articles published in the *South African Mountaineering Journal* and, at 18, was a member of the sensational three-man pioneering team who — after many attempts by others — overcame the vertical heights of the rough rock face of the thousand meter Spitzkoppen mountains in Namibia.

Jan's father was the grandson of Johannes Jacobus Graff (*sic*) (1754-1804) who came from Riedlingen on the Danube in 1775, as a carpenter for the Dutch East India Company. Jan's grandfather married Anna Elizabeth de Villiers — a descendant of the 1688 Huguenots — whose father insisted that the de Villiers name be added to that of Graaff, also in future generations. His mother was Magdalena Susanna, daughter of the Dutch Reformed Rev J P van Heerden of Cape Town, who married Graaff's father, a bachelor of 54, in 1913. In 1951 Graaff married Lillian Clare Thomson, daughter of Sir George Paget Thomson, a Cambridge physicist and Nobel prize winner. They had six children.

Jan Graaff, renowned economist, mountaineer and rock-climber, was born in 1928 and died on 6 January 2015 from a fractured skull, following a fall in Long Street, Cape Town.

Joubert Botha, Phillip Black, Murray Leibbrandt and Steven F Koch, with help from family, friends, and other economists.

1. Copyright © 1999-2015 John Wiley & Sons, Inc. This is a shortened version of an obituary that first appeared in the *South African Journal of Economics*, 83(1), March 2015. We are grateful to the journal and its editor, Steve Koch, and to the publisher, for permission to reprint it.

RES news

From The RES Office of the Secretary General, Royal Economic Society, School of Economics and Finance, University of St. Andrews, St. Andrews, Fife, KY16 9AL, UK

Email: royaleconsoc@st-andrews.ac.uk.
Telephone : 01334 462479
Membership queries: cs-membership@wiley.com or 01865 778171.

See the website for other contact details for Society officers and international 24 hour telephone numbers http://www.res.org.uk/view/contactInfo.html

Society appointments

Professor John Moore (Edinburgh, LSE) has succeeded Sir Charles Bean as Society President from April 1 2015.

Sir Charles Bean becomes Past President until April 2016.

Sir Richard Blundell has accepted the position of Vice-President.

Professor Denise Osborn, University of Manchester will succeed Professor John Beath as Secretary General of the Royal Economic Society from 1 July 2015.

Council members

The Council of the Society consists of the President, the President-Elect or Immediate Past President, in accordance with the bye-laws (available on the website), the Vice Presidents, the Treasurer, the Secretary or Secretaries, and thirty Councillors. Elected RES Council members assist the Society through working groups and meet annually in the Autumn. Council members elected for the term 2015-2020 are:

Michèle Belot (University of Edinburgh)
Wendy Carlin (University College London)
Kevin O'Rourke (University of Oxford)
Robert Peston (BBC)
Martin Weale (Monetary Policy Committee)
Frank Windmeijer (University of Bristol)

Annual General Meeting (AGM)

The Annual General Meeting of the Society was held during the RES Conference at the University of Manchester on Tuesday 31 March. Agenda and papers can be found on the website www.res.org.uk or requested from the RES Office Manager, Amanda Wilman on royaleconsoc@st-andrews.ac.uk or by telephone to 01334 462479.

Society prize winners

The **RES Prize** for the best paper published in the *EJ* in a given year as selected by the RES President, a representative of the *Economic Journal* editorial board and one invited judge, was awarded to:

Giacomo di Giorgi and Michele Pellizzari
'Understanding Social Interaction: Evidence from the Classroom', *Economic Journal,* September 2014.

The **Austin Robinson prize** for the best paper published in the *EJ* in a given year by authors who are within 5 years of receiving their PhD as selected by the Editors of the *Economic Journal*, was awarded to:

Fabian Herweb and Daniel Müller, 'Price Discrimination in Input Markets: Quantity Discounts and Private Information', *Economic Journal,* June 2014.

Film resources

Some members may not be aware that the Society has a library of webcasts freely available to view from most of our events, including the RES Conference keynote lectures, short films on aspects of economic research and our public and policy lecture series. These valuable teaching resources can be viewed freely through the RES website on the RES YouTube channel https://www.youtube.com/user/RoyalEconomicSociety

The 2015 RES Conference held 30 March to 1 April at the University of Manchester celebrated the 125th anniversary of the Royal Economic Society and the *Economic Journal*. Anniversary special sessions took place daily to consider the legacy of classic papers that have appeared in the journal over its history and relate their seminal contributions to current work in a number of important fields of economic analysis and policy and contributions were filmed from a distinguished list of speakers including: Philippe Aghion, Anthony Atkinson, Orazio Attanasio, Alan Auerbach, Richard Blundell, Nicholas Stern and Peter Wakker. There will be more on this in the Conference Report which appears in the July issue of the *Newsletter.*

Support to members

We would like to remind Members that their membership entitles them to apply for a wide range of financial and other sources of support offered by the Society to assist in the further study of Economics. In particular the Visiting Lecturer scheme offers RES members at university the opportunity to suggest the name of a distinguished overseas lecturer to visit and provide a lectureship series, with the fee for this to be paid by the Society (up to £2000). For more details of this and other schemes, please contact the RES office royaleconsoc@st-and.ac.uk or see the website under Career/Education where a full list of financial support available from the Society is provided.

Conference diary

2015

June

8-9 June — *Mannheim, Germany*

The workshop objective is to discuss recent developments and empirical applications of equilibrium job search and matching models for evaluating labour market policies. Keynote speaker: Gerard Van Den Berg (University of Mannheim and ZEW Mannheim).

Further information: http://www.zew.de/seek-search-workshop.

July

2-4 July — *Luxembourg*

16th Annual Conference of Public Economic Theory Association Conference (PET 15) at the University of Luxembourg from July 2-July 4, 2015. Papers in all aspects of public economics and related areas will be presented. Registration deadline: **June 1 2015.**

Further information: http://editorialexpress.com/conference/PET15/ or email: elisa.ferreira@uni.lu

9-12 July — *Brighton*

European Conference on Politics, Economics & Law 2015. Explore the conference theme of 'Power' in an international, intercultural and interdisciplinary setting. Deadline for abstracts/proposals: **15th May 2015**.

Further information:
http://iafor.org/iafor/conferences/ecpel2015/

23-25 July — *Exeter*

The Shadow Economy, Tax Evasion and Fiscal Intermediaries. Keynote speakers: Rob Axtell (George Mason University, Fairfax), Edgar L. Feige (University of Wisconsin, Madison) and Christopher Heady (University of Kent, Canterbury). Registration deadline: **1 July 2015**.

Further information: tarc@exeter.ac.uk.

August

17-21 August — *Montreal, Canada*

The 11th World Congress of the Econometric Society will be held at the Palais des Congrès de Montréal, hosted by McGill University in association with the Université de Montréal, UQAM, HEC Montreál, Concordia University, CIREQ and CIRANO. The invited program will consist of five named lectures, ten paired invited sessions, and five plenary policy sessions.

Further information: www.eswc2015.com/

28-30 August *Munich, Germany*

42nd Annual Conference of the European Association for Research in Industrial Economics (EARIE) at the Ludwig-Maximilians-University (LMU). Keynote speakers: Chad Syverson (University of Chicago Booth School of Business), Kai-Uwe Kühn (University of Michigan) and Leslie Marx (Duke University). Register before **15 June**.

Further information: http://www.earie2015.bwl.uni-muenchen.de/index.html

September

9-11 September *Cardiff*

Money, Macro & Finance Conference. Submissions invited from academic, government and business economists in any area of monetary, macro and financial economics. Submisssion deadline: **15 May 2015.** Registration *begins*: **15 June 2015**.

Further information:
http://events.cardiff.ac.uk/view/money-macro-finance-conference-2015/

10-11 September *Birmingham*

Development in Economics Education Conference, University of Birmingham Business School. This is the UK's leading conference on economics education. Sessions at the conference include paper presentations and interactive workshops which introduce new and innovative ideas on teaching and learning methods, the economics curriculum and student engagement.

Further information:
http://www.economicsnetwork.ac.uk/dee2015

13 -15 September *London*

17th Annual BIOECON Conference: Experimental and Behavioural Economics and the Conservation of Biodiversity and Ecosystem Services will be held at the London School of Economics. Deadline for paper submissions: **May 22, 2015;** for registration: **21 August, 2015.**

Further information: from Ms Kristel Suijs at bioecon@bioecon-network.org

October

8-9 October *Mannheim, Germany*

5th SEEK Conference: Overcoming the Crisis. How to Foster Innovation and Entrepreneurship in Europe? Papers invited in a wide range of areas by **3 May 2015.** Deadline for registration: **30 September 2015**.

Further information: seek@zew.de

19-21 October *Steyr, Austria*

15th FRAP Finance, Risk and Accounting Perspectives. The Perspectives invite an inter-disciplinary global academic audience from all related fields. Deadline for abstract submission: **20 May 2015.** Deadline for registration: **1 September 2015.**

Further information: http://www.acrn.eu/frap

22-23 October *Kyrenia Cyprus*

INFER International Workshop on Applied Economics and Finance. This workshop provides an opportunity for all those interested in the Applied Economics and Finance to discuss their research and to exchange ideas. Researchers are invited to submit both empirical and theoretical papers that are broadly consistent with the workshop. See the website for a listing of topics.

Further information:
http://www.infer-research.net/call_detail.php?id=146

November

23-25 November *London*

Conference on Microprudential supervision of banks and insurers - organised by the Bank of England's Centre for Central Banking Studies. Topics covered will include models of financial services regulation; a judgement-based, forward-looking approach to prudential supervision; the interplay between micro= and macroprudential regulation.

Further information: www.bankofengland.co.uk/education/Pages/ccbs/events/events.aspx

25-27 November *Hangjou, China*

Harmonious Development, Common Prosperity and the Transformation of Cities and Regions. Deadline for paper submissions: **31 July, 2015**. Deadline for participant registration: **16 November 2015**.

Further information:
www.regionalstudies.org/conferences

30 November - 11 December *London*

Conference on Economic modelling and forecasting - organised by the Bank of England's Centre for Central Banking Studies. The event is a combination of lectures on the theory and methods of policy analysis and design, practical problems in modelling and forecasting and computer-based exercises.

Further information: www.bankofengland.co.uk/education/Pages/ccbs/events/events.aspx

Membership of the
Royal Economic Society

Membership is open to anyone with an interest in economic matters. The benefits of membership include:

• A print subscription to The *Economic Journal*, published eight times a year, depending on the membership package selected.

• Online access to The *Economic Journal* back to 1997 including access to forthcoming papers before publication of the print version.

• Online access to The *Econometrics Journal* including accepted papers as soon as they are typeset.

• Free submission of articles to The *Economic Journal* and the chance to win the RES prize of £3000 awarded every year to the author(s) of the best published paper.

• Quarterly copies of the RES *Newsletter* including topical articles, comment and letters.

• Reduced registration fees for both the RES Annual Conference and PhD Meetings and JobMarket.

• The opportunity to benefit from JSTOR's 'Register & Read' initiative for individual scholars.

• Discounts on RES scholarly publications and 20% discount on all Wiley books and journals through the RES Office.

• Access to apply for awards and grants offered by the RES as well as the opportunity to elect the RES Council and President of the Society.

Membership Subscription	*The Americas*	*UK*	*Europe (non-euro zone)*	*Europe (euro zone)*	*RoW*
Three-year Ordinary Member (2015-2017 incl): Online Only	\$170	£100	£100	€120	£100
Ordinary Member: Online Only	\$65	£38	£38	€45	£38
Ordinary Member: Print + Online	\$82	£48	£48	€57	£48
Ordinary Member Developing countries: Print + Online	\$42	£23	£23	€28	£23
Ordinary Member Developing countries: Online Only	\$37	£22	£22	€24	£22
NEW Retired Member: Online Only	\$37	£22	£22	€24	£22
Retired Member: Print + Online	\$42	£23	£23	€28	£23
Three-year Student Member (2015-2017 incl): Online Only	\$29	£17	£17	€20	£17
Student Member: Online Only	\$14	£10	£10	€12	£10

You can join the Society and pay for your membership online by credit card at www.res.org.uk . UK members can now also request to pay by direct debit. If you prefer not to make payment online, please contact Membership Services by email to cs-membership@wiley.com in order to arrange payment by cheque or bank transfer direct to Wiley.

If you prefer to telephone the following numbers are available 24/7:
Americas Tel: +1 781 388 8599 Tel (toll free): +1 800 835 6770
Europe (inc UK), Middle East and Africa Tel: +44 (0)1865 778171
Asia Pacific Tel: +65 6511 8100

Non membership queries should be addressed to the RES Office on royaleconsoc@st-andrews.ac.uk or (0)1334 462479.