ROYAL ECONOMIC SOCIETY

NEWSLETTER

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ROYAL ECONOMIC SOCIETY

The funding of economics in higher education

As we go to press, the Society's Annual Conference is a few days away and we shall publish the Secretary-General's Annual Report and a review of the conference proceedings themselves in the July issue.

In this issue, we have contributions on two topics which have repeatedly roused strong feelings amongst members. The first takes us back to the aftermath of the 1996 Research Assessment Exercise after which John Beath and others first raised the question of why economics, a subject whose study requires more than a little technological support, should be put in the lowest cost 'library-based' category by the Higher Education Funding Council for England (*Newsletter* no.100, January 1998). In this issue we publish the carefully argued case for review recently put to HEFCE, this time by John and the Society's President Stephen Nickell.

The second is the economics of academic publishing. Readers will know that we have reported regularly on Manfredi La Manna's (ELSSS) initiative to return control of academic publishing to authors (see *Newsletter* no. 117, April 2002) and that we have had numerous contributions on the use of electronic media to reduce the cost of academic publishing (see, for example, Myrna Wooders' article on the *Economics Bulletin* in *Newsletter* no.115, October 2001). Beyond this, of course, we've had many contributions on editorial principles and practices. In this issue we have a fascinating insight into why academic journals are so expensive, provided by an insider, Christopher Gasson.

In addition, we have Angus Deaton's regular Letter from America, a report on work as a Bank of England Regional Agent, and numerous research updates.

In this issue

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Articles, features, news items, letters, reports etc. should be sent to the Editor by:

19 June 2004

Items concerning conferences, visiting scholars and appointments should be sent to the Information Secretary by:

20 June 2004

Contributions from readers

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** for our correspondence page, **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 normally get them into print within three months of receipt.

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Letter from America -

Race, selectivity and privilege in American colleges and universities

In this Letter from America, Angus Deaton, Princeton University, reviews the recent twists and turns in US universities admissions policies and some of the resulting paradoxes.

SELECTIVE AMERICAN UNIVERSITIES, like Harvard, Yale, and Princeton, have never claimed to admit their students based only on academic prowess. Historically, women were excluded, African Americans almost entirely so, and Jews were subject to quotas. Princeton used to be described as a club for Southern gentlemen, and marked the northernmost boundary of the territory within which a Southern family might safely entrust the education of its young men. Paradoxically, when times changed, the absence of a simple meritocratic rule was an advantage. 'Building a class' was what admissions officers had always done, and the change in criteria could be accomplished without change in procedures. Although preferences for minority applicants were challenged in the courts, especially when applied by public universities, the 1978 Bakke decision of the Supreme Court (involving admission to a University of California medical school) led to the widespread use at selective schools of admissions procedures by which minority candidates were assigned additional points towards the total score needed for admission. This *status quo* has been under increasingly vociferous and successful challenge from conservative groups until, in June 2003, the Supreme Court declared unconstitutional the University of Michigan's points-based undergraduate admissions policy.

'Top-ten' schemes

Prior to the Michigan decision, the opponents of race-based admissions had won important victories in California, Texas, and Florida, all of which, not coincidentally, have large minority populations. The current graduating high school class in Texas has a majority of minorities (African Americans and Hispanics) and the overall population will become 'majority minority' within the decade. A Texas circuit court declared in 1996 that diversity was not of sufficiently compelling public interest to support race-based admissions and, in the same year, California voters banned race-conscious admissions from the state public education system. All three states have now replaced their race-based policies with schemes that guarantee admission to *some* state university to children who are at the top (10 percent in Texas, more or less elsewhere) of the graduating class *in each high school*. In Texas, admission is actually guaranteed to the college of choice, so that currently more than two-thirds of entrants to the University of Texas at Austin, the top Texas university, are admitted involuntarily. President Bush, in a speech announcing that his administration would support the case *against* the University of Michigan, praised these schemes, arguing that such race-neutral alternatives are effective tools for building a diverse student body. A group of distinguished economists and sociologists, who filed an *amici curiae* brief *in favour* of the University of Michigan, noted the irony in this claim. Top ten schemes work to increase diversity only where there is a large minority population and where the school system is racially segregated. The elimination of racial bias in universities requires the maintenance of racial segregation in schools.

'Top-ten' schemes work to increase diversity only where there is a large minority population and where the school system is racially segregated. The elimination of racial bias in universities requires the maintenance of racial segregation in schools.

Finding a proxy for race

Policies that proxy for race are also likely to be inefficient, an argument that has been emphasized and developed by Glenn Loury, one of the *amici*. Given the distribution of test-scores by race, a mechanical search for the combination of scores that best predicts race leads to a *negative* weight for scores in mathematics. The implementation of such a rule would not only do a very bad job of guaranteeing diversity — race is not very well predicted by any of these characteristics — but would presumably have unfortunate consequences for the mathematics department, who would be faced with students who have been selected for their inaptitude for the subject. (Although one might also imagine that applicants would eventually learn the rules so that, eventually, only those with a genuine inaptitude would obtain the *high* scores.) The argument that race-blind systems are not only inefficient in achieving diversity, but also undermine the purpose of the university, is the core of the case in favour of the more efficient points-based schemes. The consequences of ignoring race altogether are equally severe, particularly in selective colleges. Even if the distribution of test scores is not widely different between two groups, the rigorous selection applied by top universities can result in very unequal outcomes. For example, if test scores are normally distributed, and group A has a mean that is one standard deviation lower than group B, a group-blind admissions policy with a single cutoff that is three standard deviations above the mean will yield an entry rate for group A that is only two percent of the rate for group B. Given that only one tenth of the population is African American, there will be only two in a class of 1,000. This prospect of all-white law and medical schools, at least in the top schools that provide the leaders and teachers of the future, gives pause to almost everyone, even those who are deeply unhappy with an admissions policy that depends on skin colour.

Keeping it in the family

In spite of its rejection of the points system, the Supreme Court decision upheld the admissions policy of the University of Michigan's Law School, which also takes race into account, but does so without a formal scoring or weighting system. In practice, this has been taken to mean that admissions offices can take race into account, provided they do it within the context of 'whole file review' in which all the relevant characteristics of each applicant are carefully (although not mechanically!) weighed. While this is perhaps difficult (or at least expensive) for large selective colleges (such as the University of Michigan, which has more than 30,000 students) it is what the small, elite universities have always done. Indeed, these universities give weight to many other non-academic criteria, most notably a family tradition of attending the university ('legacies'), but also athletic ability, and to some extent, artistic or musical talent. Athletic admissions are currently controversial too. Universities are under pressure to be competitive in a wide range of sports, including not only the big programmes, football and basketball, but also ice-hockey, tennis, wrestling, lacrosse, golf, squash, swimming, and rowing, keeping all of which up to (often, a very high) standard is a serious challenge for a university with only a few thousand students. In selective schools, legacies tend to be like their parents and grandparents who were students in an age with very different ideas about who should and should not attend elite colleges. So there is a sharp contrast between race-blind admissions on the one hand, and alumni- 'sighted' admission on the other, particularly when the alumni are white and privileged. Indeed, the second Texas flagship, Texas A & M, abandoned its legacy programme when it was noted that the number of whites admitted solely because of their family connections was comparable to the total number of African American entrants. With affirmative action for minorities outlawed by the courts, it could no longer maintain affirmative action for the children of its alumni. In the Ivy League colleges, however, the legacy tradition is so much a part of the culture (and the funding), that it is hard to imagine them ever giving up their preference for the scions of the families who are part of their history. But then we have come full circle. The privileges of the legacy children are preserved only by the ability of the universities to give similar concessions to those who were so rigorously excluded by their grandfathers and great-grandfathers.

News from ESRC

Thematic priorities replaced...

After extensive review, the ESRC has decided to replace its framework of thematic priorities. While the thematic approach has yielded many benefits in its ten year history, it was felt by the review that insufficient attention was being given to essentail areas such as building research capacity, knowledge transfer and communication, and policy evaluation. The new framework encompasses all of the ESRC's key objecyives within four categories:

- capacity
- engagement
- research
- performance

ESRC plans a series of regional seminars to provide more information. Details can be found at www.esrc.ac.uk

...as well as the competition for awards

The ESRC's annual open cometition for postgraduate awards is also to go and to be replaced by a quota system.For 2004 and 2005, higher education institutions which are recognised as providing an appropriate '3+1' training will be allocated a quota of awards based upon the numbers obtained through open competition in 2002 and 2003. For 2006 and beyond the quota will be allocated by reference to criteria which will be developed over the next year. Institutions which have only just received '3+1' recognition (and so received no awards in 2002 and 2003) with get no quota awards this year, but will be able to compete by open competition for a pool of 40-50 awards which are being held back for this reason. Details of this competition are also available on the ESRC website (see above).

Virtual colleges to merge

In 1997, the ESRC established three 'virtual colleges', groups of experienced researchers who would contribute to the ESRC's developing policy and assess small grant applications. The idea was that the groups would come together only once each year, conducting its business entirely by internet the rest of the time. Up to now, each 'college' has covered a range of disciplines. It is hoped that the merger into one will give a further boost to inter-disciplinary research.

...and from JISC

In February, JISC (the Joint Information Systems Committee) published a *Resource Guide for Social Sciences* which endeavours to capture the huge range of material now available to social science teachers students and researchers. We had intended to select the items of particular interest to economists and to list them under the headings:

- online catalogues
- online databases
- government and census data
- resources for teaching

Unfortunately, shortage of space forbids this. But the unedited range of internet resources can be seen at:
www.jisc.ac.uk/resourceguides

The Bank of England Agencies and the Monetary Policy Committee

Kevin Butler is the Bank of England's South West Regional Agent. In this article he explains the part played by the Agencies in feeding information to the MPC and in communicating the Bank's thinking to the business community. The latter role makes an important contribution to the transparency of monetary policy making.

The Monetary Policy Committee (MPC) reaches its 7th anniversary in May this year. Its monthly decisions on the level of interest rates required to achieve the UK Government's target for inflation are reported extensively by all branches of the media. Financial journalists, investment analysts and economists in a variety of roles study the MPC's minutes, published two weeks after the latest policy decision.

The MPC's independent role is set out in the 1998 Bank of England Act, which stipulates that the Bank must set interest rates so as 'to maintain price stability and, subject to that, to support the economic policy of HM Government, including its objectives for growth and employment'. In turn the Government defines what it means by price stability in a 'Remit' to the MPC, which must be set out in writing at least annually and must be published. The latest Remit from the Chancellor, issued in December 2003, changed the reference measure for inflation from the Retail Prices Index excluding mortgage interest payments (RPIX) to the Consumer Prices Index (CPI) and set a target for the annual rate of increase of 2.0 per cent (previously 2.5 per cent).

Local agencies and the Monetary Policy Division

The MPC uses a wide range of statistical and other material in order to reach their monthly decision. Much of this is provided by the Bank's Monetary Analysis Division in a range of ways, for example in developing the projections for the UK economy that are published in the quarterly *Inflation Report*.[1] Much of the information the MPC needs is in the public domain and published by the Office for National Statistics and other agencies or trade associations. It considers financial market and asset prices as well as other conjunctural information. But it also draws on the 8,000 or so business contacts of the Bank's Agencies to obtain additional information on a regional and sectoral basis; and members of the MPC undertake some 50-60 visits to the countries and regions of the UK each year, with at least ten of these undertaken by the Governor.

Although regional representatives have been providing economic information based on discussions with business contacts since 1930 — and banking and note issuing facilities in the English regions go back to the 19th century — the creation of the MPC increased the importance of this work in the monetary policy process. The Agencies are integral within Monetary Analysis and enable the Bank to have local representation in Scotland, Wales and Northern Ireland as well as in nine regions of England. The latter mostly coincide with the official standard planning regions, but there are some differences reflecting economic and geographical factors. Agency premises are located in metropolitan and business centres and spread across the country. Each Agency typically has a team of four staff, led by the Agent. The backgrounds of individual agents vary considerably but generally they have a good grounding in macroeconomics as well as experience of business and finance. Since much of the work involves representing the views of the Bank to the public, and vice-versa, good communication also come in handy.

Helping the MPC

The Agencies' purpose is two-fold : firstly, to provide monthly reporting to assist the MPC in its work and, secondly, to help to explain to the communities in which the Agencies operate the thinking behind the MPC's decisions and to help to maintain confidence in the monetary policy process.[2]

The Agencies' second objective is central to the process of educating the public in the MPC's way of thinking and to making the case for low inflation as a pre-condition for sustainable economic growth.

For the first objective, the Agencies produce a confidential monthly economic report based on discussions with a cross-section of companies in terms of sector, location and size. The report covers sales and orders (both domestic and export), costs and prices, pay and earnings, employment and business investment. The information is gathered through a structured programme of visits, ensuring that each report is based on a representative mix of businesses, broadly reflecting the contribution of each sector to GDP. The visit programme is supplemented with information obtained from a range of private and public sector organisations, eg CBI regional councils, Chambers of Commerce, trade associations, local authorities and universities.

The Agencies' monthly reports individually represent an analysis of current economic conditions as seen throughout the United Kingdom. The individual reports are distilled into a monthly national summary and a quarterly version of this is published with the *Inflation Report*.

Each month, usually on the Friday morning preceding the policy decision, the MPC is briefed on current economic and market developments by senior Bank staff. Four Agents (one each from the North, Midlands and South of England, and one from

Scotland, Wales or Northern Ireland), plus three Deputy Agents, attend these pre-MPC meetings. Two of the Agents deliver a presentation to the Committee — one an update on the key issues for the UK economy based on the monthly reporting process, the other on a special topic chosen by the MPC after the previous month's policy decision.

The topic usually involves a subject on which the MPC would like more information, perhaps to resolve a puzzle in the data or to tackle a question that Agency business contacts may be especially well placed to answer. For example, in considering the extent to which the gap between actual and potential output may be closing, with a risk of higher inflation if the economy runs out of spare capacity, the MPC recently commissioned a survey of the ability of firms to respond to increasing orders without meeting capacity constraints. Other issues surveyed by the Agencies over the past year have included determinants of domestic prices, manufacturing output, business investment, exports of goods and services, pay settlements and retail sales.

In a recent speech at the University of the West of England in Bristol, Rachel Lomax, Deputy Governor for Monetary Policy and a member of the MPC, commented on the Agencies' contribution in explaining the stories underlying the data or in spotting 'the bends in the trends'. An example she gave related to consumer spending. Since 1996, the National Accounts have painted a picture of a boom in household spending, with the volume of personal consumption growing by 3.75 per cent per annum on average, while real GDP was increasing by 2.75 per cent . But for the past two years or so, she said, the Bank's Agents have been reporting a much tougher world 'out there', with demanding shoppers on a ceaseless search for value using new technology to search out bargains as well as to make purchases, driving an endless round of discounting across a wide range of consumer goods. The way to resolve this apparent contradiction is that the fall in the price of durables (by some 14 per cent since 1998) has boosted consumers' purchasing power for a given level of income and this has enabled higher spending across a wide range of goods and services, including those that have been rising in price.

Promoting transparency

In recent years, economists have become acutely aware of the benefits of transparency in monetary-policy making. Speaking on the fifth anniversary of the Bank's adoption of inflation targeting,[3] Mervyn King announced that the Bank's ambition was to make monetary policy boring. In an ideal world, people would have such a good understanding of the way the Bank's mind works that decisions by the MPC could never be a surprise. The Agencies' second objective is central to the process of educating the public in the MPC's way of thinking and to making the case for low inflation as a pre-condition for sustainable economic growth. The Agents and their Deputies have a programme of regular speaking engagements, including briefings to business audiences following the national launch of the quarterly *Inflation Report* by the Governor. The Agencies also facilitate speaking engagements and meetings for MPC members. Agency presentations and visits to schools, colleges and universities provide additional support material for the standard programmes of teaching; and judging heats of the annual 'Target 2.0' (formerly 'Target 2.5') competition for 6th formers taking Economics and Business Studies has become an established part of the Agents' work, leading to the national final in Threadneedle Street in March.

In practice it is difficult to separate the Agencies' two objectives because, inevitably and desirably, the representative role involves a two-way flow of information. The Agencies' role combined with the regular visit programme by the Governor and other members of the Monetary Policy Committee ensures that the monetary policy process takes fully into account issues affecting the whole of the UK.

Notes:

1. Copies of the Inflation Report can be downloaded from www.bankofengland.co.uk/inflationrep/index.html

2. For more on the Agencies' role see (www.bankofengland.co.uk/qb/qb030105.pdf) and John Beverly, 'The Bank's Regional Agencies', Bank of England Quarterly Bulletin, 1997, 37 (4), 424-7.

3. Mervyn King, 'The Inflation Target Five Years on', *Bank of England Quarterly Bulletin*, 1997, 37 (4), 440.

The new inflation target

Starting in January 2004, the Bank of England has been asked to maintain inflation at 2 per cent (+/- one per cent) as measured by a new 'consumer price index' or CPI. This is compiled on the same basis as, and can be directly compared with, the 'harmonised index of consumer prices' (HICP) used for measuring inflation in countries which are members of the EMU. The principle of compilation of both indices is similar in that they track the movements of prices in a representative basket of goods. But the contents of the two baskets differ. The CPI excludes council tax and owner-occupier housing costs (e.g. depreciation and insurance). Furthermore, the CPI averages price movements by using a geometric mean while the RPI uses an arithmetic mean. The result of these differences is that the rate of inflation, using CPI methods, would have been c.0.8 per cent lower than the rate of inflation measured by the RPI and this explains the need for a lower target when expressed in CPI terms.

Details of the RPI and CPI methodologies can be found at
www.nationalstatistics.gov/cci/article.asp?ID=792

The Economics of Academic Publishing

Christopher Gasson is a publishing analyst. He was formerly the financial editor of The Bookseller*, and a publishing company broker with Bertoli Mitchell.*[1]

Academic publishing has always been a bit of a confidence trick on the scholarly community. Researchers write books to get ahead in their careers, and academic publishers recycle this ambition as a way of buying content very cheaply and selling it very expensively. Typically authors get a miserable royalty of 5 percent of net receipts if they are lucky. Most get nothing, and some actually have to pay for the privilege of being published. The academic boards who review submissions similarly work for love rather than money. But it can be immensely profitable for publishers. Particularly on the journal publishing side where margins are the highest in the publishing industry. For example Reed Elsevier, the leading scientific journal publisher in the world, made a 34 per cent operating margin in the first half of 2003. This compares to the 21 per cent profit margin it made on its legal publishing, and the 17 per cent it made from its business segment, and 7 per cent from its newly acquired educational interests. Monograph publishing is less profitable, but some commercial publishers are still able to turn the pressure to get published into an unlimited source of low-cost material to sell at very high prices.

The situation is so irrational that people have been predicting the end ofacademic publishing as we know it for nearly two decades. The predictions have been made with ever greater certainty since the arrival of the internet, but the publishers remain optimistic, and right now the big publishers are buying smaller ones as fast as they can to take advantage of the opportunities they see.

The economics of academic journals publishing

To understand what is happening in the sector it is first necessary to understand how the business works. On the journal publishing side the economics are as follows: the typical publisher-owned academic journal (as opposed to journals which are owned by learned societies) has around 200 subscribers paying around £600 per year for six issues. This brings in around £120,000, of which direct costs such as printing, typesetting, marking up in HTML, distribution, copy editing, marketing and the editor's expenses and honorarium add up to around £40,000 per year. The rest goes towards the publisher's overheads. Each year 3 per cent of the subscribing libraries decide to cancel their subscriptions, either because they can't afford it any more or because their faculty is no longer interested in the relevant field. It is almost impossible to sell new subscriptions to replace these lost sales because libraries struggle enough to maintain their existing subscriptions and are generally very reluctant to take on new ones unless they are really forced. Unless the publisher puts up the price to compensate for the six subscribers who have cancelled, the total revenue for the journal would fall by £3,600. But the publishers' shareholders don't like to see sales falling: it makes them feel that academic publishing is in trouble. So the publisher puts up prices by 10 per cent to £660 per year. At this higher price, another six subscribers find they cannot afford the journal and don't renew. But the publisher doesn't mind because with 188 subscribers paying £660 per year, it still makes more money than with 200 subscribers paying £600 per year. And the profit is better because the costs are still the same.

That is how journal publishing has worked: as long as you can put prices up quicker than libraries can cancel their subscriptions, you can increase your profit margin and your sales every year. That is why Robert Maxwell liked journal publishing so much: his Pergammon Press was the cash machine which enabled him to build his media empire.

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The problem for journal publishers was that by the late 1990s more and more publishers were finding that they couldn't raise prices quickly enough to off-set the cancellations. Once the number of subscribers starts to fall below 100, the journal starts to become irrelevant to the academic community. So few people read it that it starts to lose prestige, and fewer good academics want to write for it. With fewer good papers, it becomes even less relevant to the academic community and the cycle continues. Then the journal is in free fall. Soon revenues have fallen below the direct operating costs, and the publisher either has to close the journal and return the library's money or find another title to merge it with.

The technique of raising prices faster than libraries can cancel is known as price gouging: the customer gets no improvement in the product but still has to pay more for it. It has had a knock-on effect on academic book publishing.

The economics of academic book publishing

The economics of academic book publishing are very much less attractive than the economics of academic journal publishing. Typically the average academic monograph sells around 250 copies priced at £80 with an average discount to booksellers of 30 per cent. This brings in a gross £14,000. After paying for the direct costs of printing, paper, marketing, copy editing and typesetting, around £7,000 is left to go towards the editor's salary and other overheads. Like shaving a pig it is a lot of work for a little wool. The only way to make a lot of money from monographs is to publish a lot of them. If you can get an editor to put 80 or 90 books through the machine each year rather than the 20 to 30 which used to be the average for the industry, you can increase your profit quite dramatically. There are some problems with this. First an editor signing up a couple of books a week is probably not exercising as much quality control as one who signs up a couple of books a month. Second, the market is just not there for a publisher to treble the number of books that it produces. Whereas librarians are reluctant to cancel journals mid-way through a run, they are very happy to save money by buying fewer monographs. Monograph revenues are being diverted to pay for journal price increases.

The vicious cycle that monograph publishers are locked in is as follows: increasing title output leads to fewer unit sales, which leads to less profit per unit, which has to be off-set by increasing the title output. Some publishers, such as Oxford and Cambridge university presses have escaped this inexorable mathematics by relying on their other more commercial publishing activities to support the losses on monograph publishing — and maintaining a strict limit on the number of titles produced. Others such as Blackwell have simply pulled out of the monograph market and switched their resources to building humanities and social science journals instead. There are still commercial publishers who believe that monograph publishing can still be profitable: Taylor & Francis and Continuum. Their strategy has been to acquire other monograph publishing lists and roll these lists into their existing publishing operations without increasing the headcount proportionately. Continuum has bought T&T Clark, Athlone Press, Sheffield Academic Press, and Thoemmes. Taylor & Francis has bought Garland, Routledge, Curzon Press, Fitzroy Dearborn, and Frank Cass. The market is now in a kind of equilibrium where it is just too unattractive to encourage more commercial competition, but just attractive enough for a well organised publisher who is tough on costs to make money. This equilibrium may however be disturbed as the next phase of the journal publishing story plays out.

The influence of the internet

Reed Elsevier, the market leader in journal publishing went through a black patch in the late 1990s, when the profitability of the journal publishing division started to fall, and there were fears that the business was doomed by the dot.com boom. The loss of confidence was accompanied by management infighting and the company's share price fell from around £7 to below £3.50. But as the dot.com boom turned to bust in 2000, the company made a fantastic fight back which saw the share price once more above £6.90. It seemed that, unlike everyone else, Reed Elsevier had discovered an internet strategy which made money.

From 1995 the company had been developing a database to house all its journals called Science Direct. This has fundamentally changed the proposition the publisher can make to its customers. Instead of selling journals individually and having to put up with libraries cancelling some journals to pay for the price increases on others, they can now go to libraries and offer them on-line access to more than 1,500 titles for a small premium over what the library was previously paying for paper copies of the 100 or so that they might have subscribed to. At first libraries loved this proposition. After years of paying more and more and getting nothing better in return, they could see that for the extra money that they paid for Science Direct they got very much more in return. What they did not realise was that with Science Direct it would become very much more difficult to control their budgets. Science Direct is an all or nothing proposition. Either an institution subscribes and gets everything or it cancels and has to go back to individual paper subscriptions (which may add up to more than the cost of Science Direct). Libraries cannot cancel parts of it to pay for the parts they want. Librarians report that a subscription to Science Direct involves a three year contract with a 6 per cent-per year price increase. Library budgets are generally flat, so the difference has to be paid for by cutting back what libraries buy from other publishers.

This has not gone unnoticed by the other publishers, and they have all adopted different strategies to deal with it. Wolters Kluwer and Bertelsmann have both decided that the market has no long term future and sold their journal publishing interests to the same venture capitalist. This venture capitalist has recruited the man who is credited with setting up Science Direct to run the combined business (now known as Springer). It is believed that Springer will aim to develop a clone of Science Direct shortly. Blackwell makes most of its money from journals published on behalf of learned societies. Its strategy is to focus on building the prestige of individual society journals, and keeping prices down so the learned societies are on its side. Taylor & Francis, as with its book publishing, has been making a lot of acquisitions, and is hoping that with better management, the journals they acquire will become more profitable. Macmillan, which owns the Nature Publishing Group, probably has the most successful publishing strategy right now. It has been launching new journals in more specialist disciplines which automatically attract the best papers because of the *Nature* name.

The influence of authors

But the most interesting thing is what the academic authors themselves are doing. After years of systematic financial abuse by publishers, they are finally taking action. The main thing that academic authors want out of publishing is to reach an audience. The high prices charged by journal publishers are an obstacle to this. In some disciplines, such as physics, authors have looked to reach a wider audience by sending their articles to open access archives before they are accepted for publication by a traditional journal. Anyone can read any article in the archive, even after it has been published elsewhere in a traditional journal. Publishers have had to live without full copyright. In other areas academic institutions operate blacklists of journal publishers who are considered to charge too much for their journals. In extreme cases where there are no alternative low priced journals, academic groups such as the Scholarly Publishing and Academic Resources Coalition (SPARC) have set up low priced journals to compete directly with the commercial publisher's offering. In most cases the commercial publisher's journal has been quickly eclipsed by the start up.

The highest profile new development is the Public Library of Science (PLoS). This started off three years ago as an open letter from academic authors pledging not to write for any journal which did not make its archive available freely on the internet six months after publication. This was signed by 30,000 academics from around the world.

Last year the PLoS received a US$9m grant from a charitable foundation, and this year after a high profile prime-time television advertising campaign in the US, it launched its first journal, *PLoS Biology*, in October 2003. Authors have to pay a contribution to the costs of the journal if their paper is accepted by the editorial board. Although this is a kind of vanity publishing, top academics have been happy to pay the fee, and the first issue attracted some strong papers (although nothing that challenges our understanding of the world dramatically).

Commercial publishers such as the Current Science Group, which operates BioMedCentral, have also developed open access, author pays journal publishing models, which although they lack the prestige of PLoS Biology, are attracting a growing number of papers away from over-priced low circulation titles.

Most academic authors are not entirely happy about paying for publication: it is difficult for editorial boards to be impartial about rejecting substandard papers if the publisher only gets paid if they are accepted.

Although the model is not perfect, and the publishing giants will probably continue to make good profits from the academic market for at least another decade, the good news is that author power is beginning to change things. Pierre Vinken, the former chairman of Reed Elsevier used to explain the essential simplicity of academic publishing as follows: 'You put up the prices and take in the money'. For the first time publishers are having to think about what their authors think of that strategy.

Note:

1. His publications include: *Book Publishing In Britain* (2e 1998); *Media Equities: Evaluation & Trading* (1995); *Who Owns Whom In British Publishing* (3e 2002). This article first appeared in *The Author,* Vol. CXIV (4), winter 2003 pp 149-151. We are grateful to Christopher Gasson and to the Society of Authors for permission to reprint it here.

New research from the Leverhulme Centre for Market and Public Organisation (CMPO)

The CMPO at the University of Bristol conducts research on the theme of 'modernising government'. Projects fall into four broad areas: market organisation and regulation; incentives in organisations, notably team-based pay in the public sector; competition in the provision of health care and education; and welfare reform and public sector delivery, including pensions and poverty. Some of the research summarised in Issue 10 of the Centre's half-yearly bulletin, published in March, notes a range of recent work.

Ethnic mix: how segregated are English schools?

There has been surprisingly little evidence on the degree to which English schoolchildren from different ethnic backgrounds are mixed. Research by S Burgess and D Wilson reveals high levels of ethnic segregation in many secondary schools — higher than expected from levels of residential segregation and particularly high for pupils of South Asian origin.

The researchers measure segregation using an index of the evenness of spread of different groups of pupils across schools, or neighbourhoods, within a larger geographical area. An area is highly segregated if a significant proportion of pupils would have to move schools (neighbourhoods) in order to achieve an even distribution across each unit.

Analysis reveals that South Asian children experience higher levels of segregation than black peers, both at school and in neighbourhoods. And both groups are more segregated at school than at home in more densely populated areas. Suggesting there is a loosening of the relationship between school and residential segregation in areas where there is more school choice — and in a way that pupils from different ethnic backgrounds are more segregated in the playground than in their neighbourhoods.

Competition law in the media: will Ofcom make a difference?

Ofcom, the new single regulator for telecoms, TV and radio, is up and running. It replaces five regulatory bodies — the Broadcasting Standards Commission (BSC), the Independent Television Commission, the Radio Authority, the Radiocommunications Agency and Oftel (the Office of Telecoms) — with a brief ranging from standard economic issues such as continuing price regulation in some telecoms markets to policing standards of taste and decency.

Assessing what Ofcom is likely to mean for the application of UK competition law to the communications industries, P Grout foresees a culture shock for media companies. The strengthening of regulation turns out to be a common theme. Rather than using the creation of a single body as an opportunity to streamline and reduce regulatory controls, the regulatory duties and functions have risen enormously: from 128 for the five 'legacy regulators' to 263 for Ofcom, more than double its predecessors' obligations. The new framework is clearly not the light-handed and flexible model that was originally intended to accompany the dynamic converged world of communications. Of particular significance are the implications for competition policy. The Communications Act that created Ofcom has also liberalised ownership rules in the media, which suggests there will be considerable merger activity in the future. But even in the absence of ownership changes, there is likely to be a great deal of activity around competition issues. Recently, there have been many issues arising from the three main players — BSkyB, BT and the BBC — and their interaction within the industry. These are likely to become more significant.

The new Ofcom framework brings a change of structure for these players and evidence from the 'Oftel approach' suggests that we may see some policy problems. Media companies like BSkyB and the BBC will all face a cultural change, with Ofcom implementing competition law rather than the conventional competition authority. If Ofcom makes significant changes in the application of the Competition Act within the media, there could be a clash with the major broadcasters.

Performance pay for civil servants?

Should the government pay by results? Research by S.Burgess, C Propper, M Ratto and E Tominey assesses the impact of team-based incentive schemes on performance of public sector workers and finds such schemes can be effective if carefully designed. Their study examines the impact of an incentive scheme piloted in 17 of the 90 districts in the UK's network of around 1,300 JobCentre Plus offices for one year, from April 2002 to March 2003. It finds that:

• There is a significant positive effect of the incentive scheme on the first of five performance targets and the main quantity measure — job placements. Comparing performance between incentivised and non-incentivised districts, controlling for local labour market conditions and other observable characteristics, the average effect of the scheme is an 11 per cent increase in the number of people put into jobs in the former.

• The data confirm the conjecture that the impact of the scheme would vary with the number of staff in an office and the number of offices in a district. This fits well with the idea of a free-rider problem in team-based incentive schemes. But it is important to stress that the problem was not sufficient to make the scheme unsuccessful. It is clear not only that the incentive effect decreases with the number of offices per district, but that this negative effect has far greater magnitude for large offices.

...coninued on p.18

ISER - an annual update

The Institute for Social and Economic Research, based at the University of Essex, is one of the major research centres funded by the ESRC and we have often reported on aspects of its research. This update is based upon ISER's Annual Report which has recently appeared.

At the heart of ISER's work is the British Household Panel Survey (BHPS) and the associated programme of research using longitudinal data. Some of the recent research - on family, friends, disadvantage, teenage births and education - is discussed below. Together they show both the wide range of ISER's research and its methodological diversity. Equally, the articles demonstrate the policy relevance of its work. Many of the projects are funded by government departments. They recognise the unique contributions that longitudinal studies can make to our understanding of a variety of social and economic problems.

But for the core funding of both ISER's centres — the Research Centre on Micro-social Change (MiSoC) and the UK Longitudinal Studies Centre (ULSC) — ISER relies on the Economic and Social Research Council (ESRC). Both Centres have been renegotiating their funding in the past year. ULSC has had a very successful mid-term review and MiSoC has submitted a bid for a new five-year contract. .

ISER's research programme can be summarised as the study of the dynamics of social position, intended to take full advantage of the detailed evidence available from longitudinal surveys about the life courses of individuals within families. 'Social position' is ISER's generic label for the various aspects of a person's situation that influence his/her current well-being and their future life chances. The programme brings together theory and analytical techniques from sociology and economics to provide a better understanding of the processes characterising people's life chances through the life course and across generations.

ISER has tried to move away from the traditional focus on pairwise comparisons of origins and destinations at widely spaced points in time. Instead, it aims to follow changes in individuals' social positions continuously. The goal is not only to count but also to explain the flows between different social positions over time.

Such policy research does not stop at home. ISER has led research teams in each of the successive European framework programmes for scientific research since 1990. ISER has recently had its first success in the sixth framework programme. In partnership with ONS, the University of Warwick and partners from six other European Union member states, David Rose will be designing a new European social classification for use in comparative research across the EU. This project builds on Rose's earlier ONS work in which he designed a similar classification for the UK, the National Statistics Socio-economic Classification, now used in all government social surveys as well as for analysing data from the 2001 Census.

As always, ISER is keen to discuss its findings with others. Readers are invited to visit ISER's website (www.iser.essex.ac.uk) for more information and to make direct contact with any of the researchers listed.

Social and economic disadvantage

Much of ISER's research over the past decade has focused on different aspects of social and economic disadvantage: poverty, unemployment, lone parenthood, ethnic minorities, area deprivation and so on. A recent trend has been analysis that takes account of two or more disadvantages that may affect the same people — or the same families — in combination. Such studies provide a clearer picture of the impact of each specific issue net of its association with other disadvantages. They also illuminate broader concepts of inequality and social exclusion.

Disability and disadvantage

One such study, by Stephen Jenkins and John Rigg, focuses on disability, and examines its relationship with other indicators of disadvantage — age, lack of educational qualifications, non-employment and poverty. Disabled working-age people in Britain face considerable economic disadvantage. They are half as likely to be in employment as their non-disabled counterparts and their household incomes are about 20 per cent lower.

The research argues that this disadvantage may arise from three potential sources: pre-existing disadvantage; the onset of disability; and remaining disabled. These three factors can be disentangled by comparing the periods before, during and after the onset of disability among the 280 working-age BHPS members who have become disabled since 1991.

Jenkins and Rigg find that people who became disabled were typically more disadvantaged beforehand than others who did not become disabled. The rate of becoming disabled was twice as high for people in their fifties and for people without qualifications as for younger and better qualified people. Both age and lack of qualifications are associated with poorer job prospects, and people who were about to become disabled were also less likely to be in paid work. On average, their pre-disability income was 12 per cent lower than incomes of those who did not become disabled.

So people were already relatively disadvantaged before becoming disabled. But the results also highlight an adverse change in economic circumstances around the time they became disabled: the proportion in paid work fell by 26 per cent, average income fell by 10 per cent and the proportion on low incomes rose by 15 per cent.

The employment rate continued to decline as disability spells lengthened. Only 25 per cent of people who had been disabled for four or more years were in work, compared with 42 per cent of the same group in their first year of disability. The marked decline in income from employment was only partially replaced by income from benefits and pensions.

So poor outcomes for disabled people arise in two ways: as expected, disability leads to economic disadvantage; but economic disadvantage appears to lead to disability in the first place.

Multiple disadvantage

More than six million adults of working age in Britain depend on transfers, mainly social security benefits, from outside their family — that is, they do not have a job, and they do not have a partner with a job either. Most of them are poor. The number of people who live in non-employed families has fallen in the past ten years, but it is still more than double what it was in the 1970s.

We already know quite a lot about the kinds of social disadvantage that are associated with labour market exclusion. People are more likely to live in a non-employed family if:

• they do not have a spouse or partner, especially if they are lone parents;
• they lack educational qualifications and occupational skills;
• they are disabled;
• they are over 50;
• they live in an area where jobs are scarce;
• they are members of certain ethnic minority groups, especially Pakistanis and Bangladeshis.

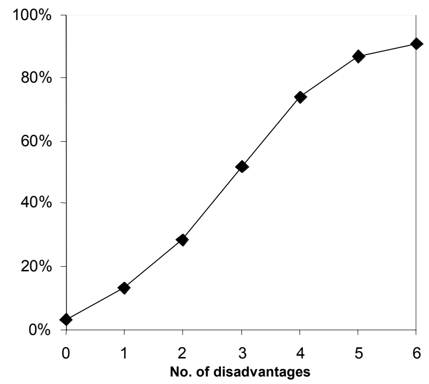
Richard Berthoud has analysed a sample of more than half a million adults of working age to find out what people's job chances are if they have two or three or even more of these six disadvantages. Is there an 'exponential' effect, with additional disadvantages compounding each other to increase non-employment risks more and more rapidly? Or a 'logarithmic' effect, with one disadvantage creating a risk but extra problems making less and less difference?

Some problems are already associated with each other, so that combinations of them are quite common — for example, many lone parents are of Caribbean origin; and there is a systematic combination of low skills, middle age and disability. Other combinations, such as lone parents over 50, are rather rare. Overall, there is not a very strong tendency for the population to polarise between the 'not-at-all-disadvantaged' and the 'multiply-disadvantaged'.

Some combinations of two or three disadvantages result in higher rates of non-employment than might be expected if the component problems were independent of each other — for example, older Pakistanis and Bangladeshis with poor qualifications and skills are exceptionally likely to be non-employed. But other pairs and triplets are less disadvantaging than might have been expected — Caribbean lone parents are rather less likely to be out of work than their white counterparts (though they are still much worse off than couples with children).

Given that some combinations exacerbate while others ameliorate the risk of non-employment, the overall conclusion is that multiplicity itself is not an issue. The number of disadvantages makes little difference once the effects of each of them have been taken into account. Nevertheless, the research identifies people with strikingly high levels of risk — nearly 10 per cent of working age adults have characteristics that give them a risk of non-employment higher than 50 per cent. Only a handful have all six disadvantages - but more than 90 per cent of that small group are non-employed (see chart). Their chances of work are close to zero and their future prospects seem equally bleak.

Probability of non-employment by number of disadvantages



This strand of research continues. Mark Taylor, Richard Berthoud and Stephen Jenkins have been commissioned by the Social Exclusion Unit to review the links between low income and a range of other kinds of disadvantage to see whether these associations are becoming stronger or weaker over the years. The report is due in 2004.

Intergenerational interactions

New information on intergenerational interactions in recent waves of the BHPS (2001-2) offers the opportunity to study relationships within the extended family, notably between parents and their adult children. Research by John Ermisch is analysing the responses of both parents and children to questions about how close they live geographically, how often they are in contact and what support they provide for each other, both financial and in-kind help, such as child care.

The average age of the adult child respondent is 37 (75 per cent are 44 or younger), while his/her mother is aged 64 on average. As an illustration of the data on contact, 13 per cent of adult children see their mother daily and 24 per cent telephone her daily. Another 41 per cent see her weekly but 27 per cent see her only several times a year or even less often.

It appears that visiting and phoning are complementary. For example, those who see their mother weekly are much more likely to phone her daily than those who see her less often — 39 per cent compared with 7 per cent. Perhaps there is 'more to talk about' if children see their mother more often. This would account for the finding that telephone calls, as well as visits, are much more frequent if children live closer (in terms of travelling time) to their mother or father, despite the fact that distance should not have a large effect on the cost of contacting a parent by phone. The BHPS data indicate that nearly 60 per cent of adult children live within a half-hour's travel time of their mother.

The average age of the parent responding to BHPS questions about contact and help is 60. The table shows the types of help that parents receive regularly or frequently from the adult child with whom they are most in contact, as well as the types of help they provide to that child. Getting lifts in their child's car, shopping and home maintenance and improvement are the most popular forms of help received, but note that over 50 per cent of parents receive no regular or frequent help from their children. Mothers are more likely to receive regular or frequent help (50 per cent) than fathers (35 per cent).

The most common forms of regular or frequent help provided by parents to their adult children are child care and financial help, followed by providing and cooking meals and giving lifts in their car. More than 40 per cent of parents provide no regular or frequent help.

Women play a more important role in these intergenerational interactions than men. Adult children see and speak on the phone to their mothers more frequently than their fathers. Mothers are more likely to receive regular or frequent in-kind help from an adult child than fathers are, and they are also more likely to provide regular or frequent care for their grandchildren.

Fathers are more likely than mothers to provide financial help to their adult children. Daughters see and telephone their mother or father much more frequently than sons. Parents whose health limits their daily activities are more likely to receive in-kind help from and have contact with their adult children, and retired parents are more likely to provide child care for their grandchildren.

The BHPS data make it possible to study how contact and help vary with many other attributes of parents and adult children. For example, it is interesting to examine how these vary with parents' and children's economic resources. Children's and parents' welfare are likely to be enhanced if they keep in contact with one another and receive help from the other, and giving help may also increase their welfare. Do those with more economic resources also benefit from more contact and help? Does the amount of economic resources affect the amount of contact and help given?

The research shows clearly that the greater the parents' economic resources, the less likely they are to receive in-kind help and to see their child weekly. At the same time, more affluent parents are more likely to provide regular or frequent financial help to their adult children, and they also are more likely to give regular or frequent in-kind help other than child care.

In contrast, while the percentage of parents providing regular or frequent child care at first rises (between the poorest 25 per cent of the sample and the next 25 per cent), it then declines with greater economic resources. This tendency for more affluent parents to be less likely to provide child care to their grandchildren primarily reflects a tendency for more affluent parents and children to live farther apart from one another, with greater distance reducing contact and help.

The affluence-distance relationship also accounts for a finding that more affluent children see their mother or father less often, though not for the fact that parents who have more economic resources are less likely to receive in-kind help and to see their child weekly. Thus, an important part of the story about parents' contact with adult children and help provided to them concerns parents' and children's location decisions relative to each other.

The 2002 wave of the BHPS provides further scope for analysing family interactions outside the respondent's household. This wave gathered information on the travelling time and frequency of contact between children aged under 16 and a biological parent living in a different household. Associations between contact and other variables, like father's child support payments, can also be studied with these data.

Ermisch' analysis reveals that fathers living in higher-income households have more frequent contact with dependent children living outside the household, and those that have a current partner have less frequent contact. Fathers who live at a greater distance from their children see them less frequently. But while those who have a partner tend to live farther from their children, this only accounts for a small part of the relationship between frequency of contact and partnership status.

Percentages of BHPS parents reporting regular or frequent help to/from their adult child with whom they have most contact

Type of help	%	%
Getting lifts in their car	25	19
Shopping for you	18	15
Providing or cooking meals	12	20
Helping with personal needs, such as dressing, eating, bathing	1	n/a
Washing, ironing or cleaning	5	12
Dealing with personal affairs, such as paying bills	7	9
Decorating, gardening, repairs	14	13
Financial help	2	26
Looking after grandchildren	n/a	28
None of these	57	43

Teenage childbearing

During the past two years, a team of ISER researchers has been examining the long-term consequences of teenage births for mothers and their children. The findings indicate that, in general, giving birth as a teenager is not as damaging for mothers as previous research suggested. But they do fare less well in the 'marriage market' in the sense that they partner with men who are poorly qualified and more likely to suffer unemployment. The children of teen mothers tend to have considerably poorer outcomes throughout their childhood and young adult lives.

The main source of data for the project — sponsored by the Teenage Pregnancy Unit and the Department of Health — was the 1970 British Cohort Study (BCS70). This follows all children born in a week in April 1970 with information collected at birth and ages 5, 10, 16, 26 and 30. Further data came from the BHPS and the Labour Force Survey (LFS).

Consequences for teen mothers...

One part of the project examined the immediate consequences of teenage childbearing for mothers' mental health. The results indicate that during the first three years after the birth, teen mothers in the BHPS had a significantly lower level of mental health — a 30 per cent higher score in a standard measure of common mental illness — than older mothers or teenagers who were not mothers. In addition, losing a channel of social support was associated with a 20 per cent decline in mothers' mental health.

Longer-term effects of teenage childbearing on the mother are generally more difficult to identify since unobserved attributes of women that make them more likely to become teen mothers are probably correlated with later outcomes. This research used BCS70 information on pregnancies and miscarriages to reduce the influence of such 'selection' when estimating the effects of teenage motherhood. In effect, there was a 'control group' of women who had had a miscarriage as a teenager but would otherwise have been teen mothers.

The results suggest that there is little adverse effect of a teen birth on a woman's qualifications, employment or earnings at age 30, or the probability that she has a live-in partner. But a teen birth does significantly increase the probability that a woman's partner at age 30, if she has one, has no education beyond the age of 16 and is more likely to be unemployed. These effects are large: compared to postponing childbearing beyond her teens, the probability that a teen mother's partner does not have education beyond 16 is about 20 percentage points higher and the probability that he has a job is about 20 percentage points lower. Having a teen birth also substantially reduces the probability that a woman is a homeowner at age 30.

Another part of the project used the large samples in the LFS to explore differences among ethnic minority groups in the longer-term consequences of teenage childbearing. The 'outcome' considered was whether a woman was in a 'working family', that is, whether she or her partner, if she had one, was in employment at the time of the survey, when on average the women were aged 30.

This analysis focused on the change in the probability of being in a working family associated with postponing a first birth by a year. It reveals that except for Bangladeshi and Chinese women, postponing childbearing is associated with a higher probability of being in a working family. The advantages of postponing (the disadvantages of a teen birth) are largest for whites, followed by a group including Caribbeans, Africans and Indians, for whom the impact is half as large. The disadvantages of a teen birth are smallest for Pakistanis.

These results suggest that young mothers face higher penalties in cultures where young motherhood is unconventional. Pakistanis and Bangladeshis, for example, have the youngest average ages at first birth (22 and 20, respectively) and both have two of the smallest associations between age at first birth and the probability of being in a working family aged 30. It seems likely that the relationship between being in a working family and age at first birth may partly reflect the cultural norms that surround the acceptance of early motherhood.

... and for their children

Analysis of the BCS70 showed consistent associations through childhood and early adulthood that generally indicate poorer outcomes for children whose mother was younger at their birth. For example, babies of younger mothers were more likely to be born prematurely or with low birth weight. At age five, they scored significantly lower on a standardised vocabulary test and higher on a measure of 'child problems'. They were also shorter in height.

At age 10, children born to younger mothers were less likely to have a father figure in the home, moved home more frequently and lived in poorer quality housing. They were also more likely to have been in care; they were still significantly shorter in height; and their teachers were more likely to rate them as below average on general knowledge, less popular with their peers, less co-operative and less able to concentrate. In adulthood, these children were more likely to have had a child themselves before the age of 20 and less likely to have A-levels.

To explore the extent to which early childbearing rather than other factors leads to these later outcomes, further analysis controlled for the influence of family background by looking at a special BHPS sample of young adults, each of whom has a sibling born when the mother was older.

The comparisons of siblings indicate that being born to a teen mother is associated with lower educational attainment, greater risks of economic inactivity (not being in employment or education or looking after children) and a higher probability of having low earnings. Daughters of teen mothers are also more likely to become teen mothers themselves. In general, these findings suggest that children born to young mothers are, on average, less successful than children of older mothers over a range of aspects of young adult life.

Why economics should be in the HEFCE part-laboratory cost band

The classification of economics as a 'low-cost' library-based discipline has long-been a source of grievance to English academic economists who see subjects like business and management, with lower technical resuirements, receive more generous funding by the Highr Education Funding Council for England. In autumn of last year John Beath, then chair of the Society's Conference of Heads of University Departments of Economics (CHUDE) and Stephen Nickell, the Society's President, put a strongly-argued case for change to HEFCE. Although HEFCE's response was not overly encouraging it does hold out hope for some improvement. The case and the response are set out below.

Economics and Econometrics in England is currently classified as a library-based subject in band C (low cost). This is the lowest possible cost group, on a par with Arts subjects, for example. By comparison Business and Management, though also in band C, is classed as part-laboratory; Geography is part-laboratory and in band B; Statistics and Operational Research is part-laboratory, band A; Pure mathematics is part-laboratory, band B.

Economics and Econometrics plays the principal role in the quantitative analysis of economic, social and environmental data. Such data sets are large and complex and considerable resources, both human and technical, are involved in their effective analysis. This has required the development and use over the last twenty years of advanced statistical and mathematical techniques as well as the use of experimental methods to study and analyse business and government applications such as auctions, behaviour subject to regulation, and the like. This has been the major direction of development in the subject and is something that is not captured in the historical cost data reflected in the current band in which Economics is placed. The similarity with Statistics and Operations Research is striking. On a simple comparison of the subject matter and methods of research, Economics and Econometrics should be at least treated as part-laboratory. This has been the case in Scotland and is also partly the case in Wales where quantitative modules in Economics are funded at a higher rate than non-quantitative ones.

Further particular arguments follow. First, we present some direct data on research costs by subject, where we show that economics is comparable with other part-laboratory subjects. Second, we provide some information on the use of econometric and experimental economics laboratories in UK universities. Then, because we are essentially arguing for a transfer of resources to economics, we present information which suggests that such a transfer is a sensible policy. Thus, in the third section, we discuss the shortage of economists and finally we provide some evidence on the relative outputs generated by teaching expenditures in a variety of subjects.

Research expenditure on technical equipment and staff

Where does economics stand, relative to other subjects, in the percentage of research expenditures devoted to equipment and technical staff? The following data have been obtained from the ESRC and cover all Large Grants, Small Grants and Fellowships active on 10 January 2003.

Table 1
Research spending on technical equipment and staff

Discipline	*Total cost of all awards ($£10^6$)*	*% spent on equipment/ tech. staff*
Psychology (73 awards)	6.53	3.16
Geography (27 awards)	2.20	2.59
Economics/Economic History (66 awards)	6.10	2.23
Management/Business Studies (10 awards)	0.75	1.67
Statistics/Computing (9 awards)	1.01	1.52
Sociology/Social Policy (46 awards)	4.07	0.97
Education (30 awards)	3.31	0.93
Political Science/ International Relations (21 awards)	1.42	0.89

The data reveal that the equipment/technical staff expenses in economics research is comparable to that in part-laboratory subjects such as geography and statistics/computing and far exceeds such costs in the other 'library-based' subjects. However, these ESRC figures may give a false impression because they do not necessarily reflect the technology costs required to do serious empirical research in economics. Two major centres of such research in the UK are the LSE Research Laboratory (combines the Centre for Economic Performance, the Suntory/Toyota/Centre for Economics and Related Disciplines and the Financial Markets Group) and the Institute for Fiscal Studies. The former spends some 15 per cent of its £3 million total cost on technical staff and equipment, the latter around 5 per cent of its £3.2 million total cost. These figures tend to be far higher than the ESRC numbers in part because of composition effects and in part because these major centres of economics research are less constrained in the allocation of their expenditures than purely ESRC-funded research.

Overall, these numbers suggest that research costs in economics are more comparable to Part-Laboratory based than to Library based subjects.

Econometric and experimental economics laboratories

Economics departments in the UK make use of two distinct types of laboratories. The first consists simply of a room full of networked PCs which is used for teaching statistics, econometrics and analytical economics. The second is a room, or set of rooms, with a large number of workstations which can be flexibly configured. These are used to undertake research in experimental economics. This research uses human subjects in an experimental setting to analyse aspects of economic behaviour such as individual decision making, the workings of markets and the outcomes of differently structured auctions. The classic practical auction study was the long period of experimental research carried out at UCL to provide the optimal auction structure for the Government's sale of 3G licences.

From a sample of sixteen of the large UK economics departments, we ascertained that *all* made extensive use of statistics/econometrics reaching laboratories, to the tune of around 15 to 30 percent of graduate and undergraduate teaching time. Exactly half of our surveyed economics departments had dedicated econometrics laboratories, the other half using centrally provided facilities.

Turning to experimental laboratories, around 40 percent of the departments had an experimental economics laboratory with one department sharing with the psychology department. Experimental economics is a rapidly expanding branch of economics, so this number is bound to grow. Overall, therefore, the words 'part-laboratory' seem to be a perfect description of this scale of activity.

Shortages

Two types of shortage are relevant. The first arises because of the high earnings available to economists outside the academic sector. The resulting difficulty in recruiting high quality academic economists to universities has been well documented (see Machin and Oswald, 2000). Recent data on Ph.Ds suggest that this is unlikely to be rectified in the short-term. In 1994-95, 164 Ph.Ds were gained in economics in British HEIs and of these only 62 were UK nationals (37.8 per cent). By 2000-01, this had grown to 279 Ph.Ds in economics but the number of UK nationals in this figure was a mere 79 (28.3 per cent) (Table 10.11 in Commission on the Social Sciences, 2003). The implication of this is that academic economists are, and will continue to be, much more expensive than academics in most other subjects. The second type of shortage is that of academics with the quantitative skills needed to work on the large and complex datasets now available for social scientists. Economists are particularly well placed to be involved in their analysis because their subject is on the frontier when it comes to using quantitative methods in the social sciences, including social policy analysis. However, the shortage of economics graduates to work on these problems is desperate and this has now spread into the public sector, particularly in the Government Economic Service and the Bank of England. While one response to this is to hire from abroad, this cannot fully compensate for the underlying shortage.

Earnings

The arguments in the first two sections are based on input costs. We are arguing here for a shift in resources towards economics and it might be helpful, therefore, to provide some evidence on the relative outputs generated by expenditures on various subjects.

Table 2
% Earnings Gaps, 1993-1999

Degree subject	*Men*	*Women*
Medicine	40	39
Nursing	-4	6
Science	24	33
Mathematics	39	56
Engineering	34	56
Architecture	16	53
Economics	47	73
Social Science	22	33
Law	40	73
Business and Management	34	48
Languages	14	38
Arts	1	23
Education	14	39
Accountancy	52	89

Note: Generated from pooled cross-section data from the *UK Labour Force Survey*, 1993-99. Earnings refer to pre-tax hourly pay and the gaps refer to the difference between the earnings of those with degrees and those with two or more A levels but no degree. They are derived by regression analysis controlling for age, marital status, ethnicity, union membership, health status and region.

An analysis of earnings data reported in Table 2 reveals that the earnings gap between those in the workforce with an economics degree and those with only two or more A levels is greater than the equivalent gap for those with any other degree, except accountancy. If one puts to one side the strictly vocational subjects (law and accountancy), economics is top. This gap is important because it indicates the value added by a degree in economics.

Looking at the numbers in more detail, we see that, in terms of pay subsequent on graduation, Economics degrees generate a gap (value added) which is around 40 per cent larger than for degrees in Business and Management or Engineering, despite the fact that the resource costs of generating these latter degrees are currently considerably higher. These data provide a *prima facie* argument for shifting resources *towards* the production of Economics degrees. Perversely, the incentives in the funding system have been encouraging the opposite. The trend has been for Economics groups in universities to be absorbed into Business and Management. This has been encouraged by the belief (and there is evidence for this) that economists of a given quality typically score more highly in the RAE if they are located within Business and Management and submitted to that panel. Associated with the move of Economics departments into Business and Management has been a de-emphasis of the single honours degree in Economics and this has potentially significant implications for the supply of quantitatively trained graduates for which there is a recognised national need, as we have already noted. Students trained in Business and Management rather than Economics are inadequately prepared to understand and use effectively the quantitative methods needed for the analysis of economic, financial or business issues.

Conclusion

The purpose of this note has been to argue that Economics and Econometrics should be upgraded to the Part-Laboratory cost band from the Library-Based cost band, where it currently languishes. We have noted the following points.

• Teaching and research in economics is, at least in part, undertaken in IT and experimental laboratories which mean that average costs are comparable to the typical Part-Laboratory subject.

• There is a significant shortage of economists in both academia and in the wider community.

•The value-added generated by an economics degree (over and above an individual with 2+A levels) is significantly higher than for any other degree subject with the exception of the specifically vocational subjects, law and accountancy.

These facts suggest that upgrading Economics and Econometrics to the Part-Laboratory cost band is consistent with both equity across subjects and overall economic efficiency.

The response so far...

Unfortunately, in its announcement of 23 December 2003, HEFCE made no mention of any decision to raise the cost band of economics. However, there is *some* good news in the HEFCE announcement.

• HEFCE proposes to move to an alternative way of determining subject weightings based on full economic costs. However, this will take several years.

• The base price for the lowest cost band (D), where economics currently resides, is expected to rise by 20 per cent in 2004-5. Furthermore, the weightings for the four cost bands are going to be A = 4, B = 1.7, C = 1.3, D = 1. This contrasts with the previous weighting, which is A = 4.5, B = 2, C = 1.5, D = 1. This change clearly benefits all subjects in D, including economics, relative to those subjects in all the other cost bands.

References:

Commission on the Social Sciences (2003), *Great Expectations: The Social Sciences in Britain*, March.

Machin, S. and Oswald, A. (2000), 'UK Economics and the Future Supply of Academic Economists', *Economic Journal (Features)*, 110, pp.F334-49

Obituaries

Paul M Sweezy

The death of Paul Sweezy removes one of the most distinguished economists of the United States whose intellectual maturity was precipitated by a brief but hectic period of study in London in the depths of the 1930s depression.

Paul Sweezy was the son of a vice-president of the First National Bank of New York (now Citibank). A gilded childhood brought him to study at Harvard University. In 1932 he arrived at the London School of Economics, where the arguments between the largely Austrian outlook of the Economics Department there, Marxists and socialists like Harold Laski, and the new ideas emerging from Cambridge provoked a crisis of confidence in his hitherto Austrian ideas. Briefly he was on the founding editorial board of the *Review of Economic Studies*, when its was established to publish the ideas of younger economists, its radicalism displayed by its refusal to accept on its editorial board any Professors or Readers. He returned to America in 1933 a convinced Marxist, and completed a doctorate on the coal cartel in the English industrial revolution. In 1942 he published The *Theory of Capitalist Development* which introduced many English-speaking readers to the ideas of Marx and his German and Austrian followers. After wartime service in the Office of Strategic Services he returned to Harvard. The refusal of the University to award him tenure elicited a strong protest from his supervisor, Joseph Schumpeter.

In the teeth of rising anti-Communism in the United States, he joined the labour journalist Leo Huberman in establishing the *Monthly Review: An Independent Socialist Magazine*. This continues today. In 1954, he was convicted for contempt, in refusing to hand over his notes for a lecture, which he gave at the University of New Hampshire. He fought the case up to the Supreme Court, which over-turned the conviction in 1957, in a landmark ruling that marked the beginning of the end of McCarthyism.

From the 1940s onwards, his economics was a Kaleckian version of Marxism, in which monopolist corporations control markets but have problems recovering their surplus because of their underinvestment. This was expounded in the book which he co-authored with Paul Baran, *Monopoly Capital An essay on the American Economic and Social Order*. Dedicated to Che Guevara, it was published in 1966 and made Sweezy arguably the best known American economist outside his country. In a paper later published in a volume that its editor John Davis dedicated to Sweezy's earlier study, *The Economic Surplus in Advanced Economies* (Edward Elgar 1992), Sweezy argued that the rise of finance had transformed his earlier vision of capitalism, and that a proper understanding of finance was now crucial for the analysis of contemporary capitalism.

Monthly Review took up the cause of liberation struggles in developing countries as well as labour issues in the United States, but prudently postponed judgement on the socialist experiments in the Soviet Union and China. It was one of the first American journals to welcome Fidel Castro's revolution in Cuba in 1959. Many distinguished writers and economists, including Joan Robinson, published articles in the *Review*, and its offices in Manhattan became a place where any radical intellectual passing through New York had to visit. In recent years he welcomed and encouraged a new generation of radical and critical economists who linked up his analysis with the movements against 'global capitalism'.

Paul Sweezy published many articles in the *Monthly Review*, which were then collected and published as books. Many of his papers found their way into other volumes and publications. His theory of the 'kinked demand curve' albeit shorn of its macroeconomic implications, is still taught in universities even where his Marxism has been systematically excluded. His *Monthly Review* educated in political economy two generations of thinking, socially engaged individuals in America, whose desire for education in economics is not satisfied by the commonplace observations and technical puzzles of contemporary economics. For years the *Review* has served as a beacon for political activists and intellectuals in the developing countries. If he is to be measured by the impact of his ideas, then he stands among the greatest economists of the twentieth century.

Janek Toporowski
South Bank University

Donald MacDougall

Sir Donald MacDougall, an economist who worked for prime ministers from Churchill in the Second World War to Edward Heath in the 1970s, died on March 2004 at the age of 91. He was born in Gasgow in October 1912 and was educated initially at Kelvinside Academy before going on to Shrewsbury School and Balliol College, Oxford. At Balliol he read mathematics and philosophy, politics and economics. He was a graduate student under Sir Roy Harrod, and was a lecturer at the University of Leeds when war broke out in 1939.

His first wartime post was with Professor Lindeman where he worked on U-boat attacks and German oil consumption. he then became an adviser to Winston Churchill when wartime premier. He did extensive work on postwar reconstruction and the prospects for full-employment. After the restoration of peace he acted as adviser to Rab Butler in the 1951 Churchill administration and was then rarely out of the policy-making circle. The peak of his influence probably came during his time at the National Economic Development Office, 1962-64, in the period when UK governments began looking at the French experience of 'indicative planning' as a means of improving the UK's rate of economicgrowth. From 1964 to 1968 he worked at the short-lived Department of Economic Affairs under George Brown, in the role of director of UK's National Plan. The thinking behind the Plan was that a higher rate of growth could be achieved if the organisations responsible for the key economic decisions could be brought to aim at targets which were historically challenging but above all consistent with one another. This would avoid the problem of 'bottlenecks' and aggregate progress being slowed by slowed by a misguided local decision. The Plan included 'norms' for wage and salasry increases, though it stopped short of imposing rigid limits.

While such thinking looks impossibly *dirigiste* today, MacDougall was one of its most enthusiastic supporters. In this he was helped and encouraged by other economists in the 1960s and 70s policy-making firmament, like Thomas Balogh and Nicholas Kaldor with whom he was very friendly.

In 1969 he joined the Treasury as head of the government economic services and was chief economic adviser to a succession of chancellors, Roy Jenkins, Iain MacLeod and Anthony Barber.

MacDougall was also a respected academic economist, specialising in international trade. (The need for devaluation was an issue on which he was regularly consulted between 1945 and 1972). He published *The World ollar Problem* in 1957 when he was a Fellow of Nuffield College, Oxford (1947-64). He was also a Feloow of Wadham College, 1945-50 and briefly, Reader in International Economics at Oxford (1950-52).

He was awarded a CBE in 1942 and a knighthood in 1953. In 1957 he married Christabel Bartum, by whom he had a son and a daughter who both survive him. That marrisgae was dissolved in in 1977 and his second wife, Margaret Hall, died in 1995.

Economist honoured

The Chair of the ESRC, Frances Cairncross, was made a CBE in the 2004 new year's honours list. She joined *The Economist* in 1984 and is now a senior editor. In 1997 she published the first edition of *The Death of Distance*, a widely-read and insightful analysis of the global telecommunications industry. Her latest book, *The Company of the Future*, examines the challenges and opportunities technology poses for corporate structure.

In October 2004, she takes up the post of Rector of Exeter College, Oxford.

...continued from p.12

Performance pay for civil servants

• The scheme has no impact on customer service. This can be taken two ways. On the one hand, the increase in quantity was not achieved at the expense of lower quality. On the other hand, there appeared to be no positive effect of the incentivisation on the quality of service. This might be because of the necessarily lower imprecision of measuring quality, so workers believe that higher effort may only have a marginal effect on the target.

For further information, see: http://www.bris.ac.uk/cmpo/

Correspondence

Sir,

In an earlier letter (*Newsletter*, no. 122, July 2003) I proposed a new monetary system for curing our economic ills. In this letter, a further, complementary economic cure based on planned and concerted international economic cooperation is proposed. My country, Singapore, is still in the throes of an economic recession. Recession, unemployment, inflation, etc., are still the scourge of modern society here and have been so for ages. Can a more effective 'economic medicine' not be found that could permanently cure our economic malaise once and for all, instead of only offering a temporary cure with the expectation that the business cycle will return to taunt us in a few years.

It may be unfashionable but this is a plea that we, especially our governments, should manage the economy, instead of allowing the economy to manage us. At the macro level, we have to re-think and re-vamp our economic policies on a global scale, with nations consulting one another. The fact is that all the nations' economies are intertwined. All this signals a need for sweeping macro-economic revisions now if the status quo were to be eliminated. We should not take things lying down.

How about a world association to manage and co-ordinate the economic activities of all the nations in the world, this association being represented by members from all the nations in the world? This association could fix or set quotas for imports and exports amongst all the world's nations. For example, the association could declare that Country *A* exports item *X* to Country *B* and item *Y* to Country *C* and imports item *S* from Country *B* and item *T* from Country *C*, Country *D* exports item *J* to Countries *E*, *F*, *G* and *H* and imports item *K* from Country *E* etc... with the quantities imported and exported amongst them stipulated, subject to periodic changes in the future.

I am not advocating replacing the price mechanism by the kind of state-imposed quotas and controls that produced the dire outcomes in much of the ex-communist bloc. What I have in mind is that all the governments throughout the world consult each other and work together with each other and meet each other's requirements by achieving the import and export targets set by the proposed world economic association.

In this way all countries in the world would have to produce sufficient goods and services to fulfil their own consumption needs as well as meet the quotas set by the association. Thus, there should be enough jobs and incomes for everyone, and, it would be a boost to the world economy and to world trade.

Finally, a rational economic system should consider the general welfare and economic well-being or safety of every human being in the world and should not have allowed some to wallow in vast wealth while some others are in abject poverty. The association I propose could also take into account questions of re-distribution and maybe provide a supplementary or even alternative aid mechanism. By encouraging a more even distribution of wealth, who knows, the association might even make a contribution to world peace.

Bertrand Wong
Eurotechnical Research University
Singapore

RES News items

New Council Members

At the Annual General Meeting of the Society, held on 5 April 2004 at the University of Wales Swansea, the following were elected to hold office for five years from 2004-2009:

David Begg
Julia Darby
Raquel Fernandez
Kevin Roberts
Margaret Slade
Sushil Wadhwani

2005 Annual Conference

The 2005 Annual Conference will be held at the

University of Nottingham on

Monday 21 to Wednesday 23 March

Further details will follow in the July issue of the *Newsletter* together with the Secretary-General's Annual Report and the report on this year's Annual Conference.

One-year junior fellowship scheme academic year 2004/2005

The Society is proposing to award a small number of one-year junior fellowships, tenable in UK universities, to postgraduate students who have completed at least two years of their doctoral studies. Those awarded fellowships will be expected to undertake 60-80 hours teaching in their universities during the academic year while continuing with their doctoral research.

Heads of University Departments of Economics in the UK are being invited to put forward candidates for these fellowships. The closing date for applications is **10 May 2004**.

Students interested in the fellowships should contact their Head of Department, from whom further information can be obtained.

Postgraduate students should **not** make direct application to the Society.

Special offer to RES members

Newman, Peter
F Y Edgeworth's *'Mathematical Psychics' and Further Papers on Political Economy* (hardback)

Readers may wish to know of the recent publication by Oxford University Press of a volume of Edgeworth's writings under the above title. Some years ago, Peter Newman, one of the world's leading experts on the work of Edgeworth, undertook a commission from the Royal Economic Society to produce an edition of 'Mathematical Psychics' alongside other writings that had not been included in the three-volume edition of Edgeworth's *Papers Relating to Political Economy* (1925). Peter's death in 2001 prevented him from putting the final touches to the editorial apparatus. Largely as a result of the work of Margot Levy, who collaborated with Peter on the New Palgrave Dictionary of Economics, and with some assistance from Leofranc Holford-Strevens and Donald Winch, it has been possible to complete the book along the lines originally planned.

Besides 'Mathematical Psychics', the volume includes 'New and Old Methods of Ethics' (1879), never before reprinted, two short monographs 'On the Relations of Political Economy to War' and 'Equal Pay to Men and Women for Equal Work', and a selection of key articles and reviews, including all the important articles that Edgeworth wrote for the original Palgrave Dictionary. The volume is completed by the bibliography of Edgeworth's writings compiled by Alberto Baccini.

In addition to being the leading Anglo-Irish mathematical economist of his day, Edgeworth possessed a range of talents that enabled him to make major contributions to statistical theory and review books in the five European languages which he commanded. Peter Newman's introductions and editorial notes on 'Mathematical Psychics' enable readers to understand the complexities of Edgeworth's mathematics, his proclivities and oddities as an inveterate reviewer of books, and why he has increasingly been recognised as a seminal figure in the history of game theory and the study of the optimizing properties of markets under varying conditions. Leofranc Holford-Strevens has provided translations and background information on Edgeworths extensive use of Greek and Latin references and sources.

No scholarly library will be complete without this valuable 650-page supplement to Edgeworth's own selection of his papers, which will be of interest to economists, mathematical economists, probability theorists, philosophers interested in utilitarian ethics, and all students of the history of economic thought.

The volume is available to members of the Royal Economic Society at a members' discount. Full price: £95.00 **RES members special discounted price of £76.00 (post free)**. Cheques (only) should be sent to Eleanor Burke, RES Administration Officer, London Business School, Regent's Park, London NW1 4SA.

Publications

The Society offers to its members a number of scholarly publications at special prices. These include: *The Collected Writings of John Maynard Keynes*; *Keynes Lectures, 1932-35*; *Malthus' Principles of Political Economy* and *An Essay on the Principles of Population*; *Official Papers of Alfred Marshall* and *The Correspondence of Alfred Marshall, Economist*.

A full list with the special prices may be obtained from Ms Eleanor Burke, Department of Economics, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Fax: 44 (0) 171 724 1598. E-mail: eburke@london.edu or via the Society's home page on the internet (www.res.org.uk).

Enquiries about rights, permissions and initiatives relating to editions and other scholarly works should be addressed to The Publications Secretary, Professor Donald Winch, Arts E, University of Sussex, Falmer, Brighton, BN1 9QN.

Free back copies of *The Economic Journal*

A good home is wanted for a complete set of *The Economic Journal* covering the period 1963 to 1999. Please email: phillip.crowson@btinternet.com

Conference grant fund

The Society's Conference Grant Fund is available to members who are presenting a paper, or acting as a principal discussant at a conference; support of up to £500 is available. Awards are made three times a year. The closing dates for applications are **31 January, 31 May, and 30 September** each year in respect of conferences which take place in the ensuing four months. Application forms and further particulars may be obtained from: Professor C Milner, Department of Economics, University of Nottingham, Nottingham NG7 2RD. Fax: 0115 951 4159.

Support for small academic expenses

The Society is able to offer financial support to members who require small sums for unexpected expenditures - including travel expenses in connection with independent research work, the purchase of a piece of software, expenses for a speaker at a conference being organised by the applicant's University or Institute, etc.

Applications, in the form of a letter and stating the purpose for which a small grant (maximum £600) is required, should be sent to Dr Jane Humphries, c/o Eleanor Burke, Department of Economics, London Busienss School, Sussex Place, Regent's Park, London, NW1 4SA. E-mail: eburke@london.edu

NOTE This scheme does NOT cover assistance to members to go to a conference at which they will be presenting papers or acting as discussants. A separate fund — the Conference Grant Fund — has been set up for this purpose. Details are given above.

Conference Diary

2004

april

22-23 April — *Padova, Italy*

Eighty-firth conference on **Econometrics of Cultural Goods** organized by the Applied Econometrics Association.

Further information from:
www.aea.fed-eco.org/fr/archives/2004Padova/

23-25 April — *Belfast, Ireland*

Eighteenth annual conference of the **Irish Economic Association** to be held at the Ramada Hotel, Belfast.

Further information from: www.iea.ie/conferences/

may

12 May — *Innsbruck, Austria*

Third annual CSI symposium on **International Institutions and International Political Economy** to be held at the Leopold-Franzens University of Innsbruck.

Further information from:
www.uibk.ac.at/csi

13-16 May — *Gdansk, Poland*

Third annual conference of the **European Economics and Finance Society** to be held at the University of Gdansk.

Further information from: http://gnu.univ.gda.pl/~eefs/

21-22 May — *Vienna, Austria*

Annual meeting of the **Austrian Economic Association** to be held at the University of Vienna. The general theme will be: Growth and Employment in Industralised Countries – Challenges and Options. The programme aims to contribute to the progress in the field of economic growth and employment and beyond.

Further information from: www.wu-wien.ac.at/noeg2004

27-29 May — *Rethymno, Crete*

Eighth conference on **Macroeconomic Analysis and International Finance** to be held at the University of Crete.

Further information from: www.soc.uoc.gr/macro/

28-29 May — *Palma de Mallorca, Spain*

Conference on **Tourism Economics** to be held at the University of the Balearic Islands. The aim of the conference is to serve as an opportunity for the debate and the exchange of ideas in an area of increasing relevance and development.

Further information from: www.uib.es/master/phd-mtee/con-ference.pdf

june

3-5 June — *Athens, Greece*

Third conference on **Health Economics, Management and Policy** to be held at the University of Athens.

Further information from: www.atiner.gr/

4 June — *Paris, France*

First conference on **Fiscal Policies in the European Union** organised by the EUROFRAME group of research institutes.

Further information from: Catherine Mathieu, OFCE – 69, quai d'Orsay, 75340 Paris Cedex 07, France. Tel: 33(0) 1 44 18 54 37 Fax: 33 (0) 1 44 18 54 64
E-mail: catherine.mathieu@ofce.sciences-po.fr

9-12 June — *Milan, Italy*

Tenth annual meeting of the **International J A Schumpeter Society** to be held at the Università Bocconi.

Further information from:
www.schumpeter2004.uni-bocconi.it/

10-12 June *Bergen, Norway*

Eighteenth annual conference of the **European Society for Population Economics**. The conference aims to promote the exchange of ideas in a number of fields, including household economics, labour economics, public economics, demography, and health economics.

Further information from: www.espe.org

10-13 June *Munich, Germany*

Second international conference on **Economics and Human Biology**. The interdisciplinary conference will explore of the symbiotic relationship between humans, as biological beings, and the economy, broadly conceived.

Further information from:
www.econhist.de/ehb/conference/index.html

11-12 June *London*

International conference on **Emerging Markets and Global Risk Management** to be held at the University of Westminster.

Further information from: Centre for the Study of Emerging Markets at www.wmin.ac.uk/csem/

24-26 June *Berlin, Germany*

Second international conference. An international forum for the **European Community Household Panel Survey.**

Further information from: EPUNet@isermail.essex.ac.uk
www.harnackhaus-berlin.mpg.de

25-26 June *Nottingham*

Conference on **The 100th Anniversary of Anti-Dumping Regulation** to be held at the University of Nottingham.
Further information from: Sue Berry, Leverhulme Centre for Research on Globalisation and Economic Policy, School of Economics, University of Nottingham, Nottingham NG7 2RD. Tel: 0115 951 5469
E-mail: sue.berry@nottingham.ac.uk
www.nottingham.ac.uk/economics/leverhulme/conferences

25-28 June *Toronto, Canada*

Thirty-first annual conference of the **History of Economics Society**.

Further information from:
http://eh.net/HE/HisEcSoc/carchive/HES2004/

july

7-9 July *Melbourne, Australia*

Annual Australasian meeting of the **Econometric Society**.

Further information from:
http://www.monash.edu.au/oce/ESAM04/

13-16 July *Adelaide, Australia*

Conference on Economics Education to be held at the University of South Australia. The theme will be **What We Teach and How We Teach It: Perspectives on Economics from around the Globe.**

Further information from: ecoed@chariot.net.au
www.ecoed.unisa.edu.au*/ecoed.htm*

15-16 July *Manchester*

Third conference of the **Centre for Growth and Business Cycle Research** to be held at the University of Manchester. Keynote speakers include: Richard Agénor (Yale University and the World Bank), Danny Quah (LSE) and Martin Weale (NIESR). The theme will be ‘Growth and Business Cycles in Theory and Practice’.

Further information from:
http://www.ses.man.ac.uk/cgbcr/latest.htm

august

5-7 August *Oxford*

Annual conference of the **International Association For Feminist Economics** (IAFFE) to be held at St Hilda's College, Oxford.

Further information from: www.iaffe.org/iaffe/default.asp

25-28 August *Stockholm, Sweden*

First **EuroScience Open Forum** to be held in Stockholm. The forum aims to: present science and the humanities at the cutting edge; stimulate scientific awareness; and foster the debate on sciences and society.

Further information from: www.esof2004.org

26-27 August *London*

CALL FOR PAPERS

Second annual meeting of the **OxMetrics User Conference** to be held at Cass Business School. The conference aims to provide a forum for the presentation and exchange of research results and practical experiences within the fields of computational and financial econometrics, empirical economics, time-series and cross-section statistics and applied mathematics. Abstracts (100-200 word) should be sent by e-mail by **30 April 2004** to Giovanni Urga (g.urga@city.ac.uk).

Further information from: Giovanni Urga at the above e-mail address and
www.cass.city.ac.uk/conferences/oxmetrics2004/index.html

september

6-8 September *London*

CALL FOR PAPERS

Annual conference of the **Money, Macro and Finance Group (MMF)** to be held at Cass Business School. The conference will accommodate papers in all areas of interest to the MMF. Plenary sessions will have a dominant focus on Finance. Keynote speakers include Michael Brennan (UCLA), David Hirshliefer (Ohio State) and Bernard Dumas (INSEAD, joint with Raman Uppal, LBS). There will also be a Cass plenary session with contributions from David Blake, Harry Kat and Nick Webber. Paper submissions should be sent by **15 May 2004** to Alec Chrystal (a.chrystal@city.ac.uk).

Further information from: Alec Chrystal at above email and
www.cass.city.ac.uk/conferences/mmf2004

9-11 September *Nottingham*

Annual conference of the **European Trade Study Group** to be held at the University of Nottingham.

Further information from: www.etsg.org

21-25 September *Paris, France*

International conference on **John Kenneth Galbraith** to be held at Université du Littoral.

Further information from: www-heb.univ-littoral.fr/rii/

october

14-15 October *Hamburg, Germany*

CALL FOR PAPERS

Conference on **New Economic Geography – Closing the Gap between Theory and Empirics** to be held at the Hamburg Institute of International Economics. The objective of the conference is to discuss current developments in empirical research and improve the knowledge related to this research area. Papers should be submitted by **1 July 2004**.

Further information from:
http://www.hwwa.de/Projekte/Forsch_Schwerpunkte
/FS/EI/NEG2004.htm

14-15 October *Rethymno, Crete*

International conference of the European Association of Evolutionary Political Economy on the theme of **Economics, History and Development**.

Further information from: www.eaepe.org

november

17 – 19 November *Innsbruck, Austria*

Fourth annual CSI conference on **Principles of International Institutions – Theoretical foundations and empirical evidence** to be held at the University of Innsbruck.

Further information from: Mag. Lukas Pichler, Managing Director, CSI Centre for the Study of International Institutions, Faculty of Social and Economic Sciences, University of Innsbruck, Universitaetsstraße 15, A-6020 Innsbruck, Austria.
Tel: 43 512 507 7946 Fax: 43 512 507 2840
Email:csi@uibk.ac.at www.uibk.ac.at/csi

Membership of the Royal Economic Society

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

• Copies of the *Economic Journal*, the journal of the society, eight times a year.

The *Economic Journal* is one of the oldest and most distinguished of the economic journals and a key source for professional economists in higher education, business, government service and the financial sector. It represents unbeatable value for those who want to keep abreast of current thinking in economics. Issues are divided into those containing 'Articles' — the best new refereed work in the discipline — and 'Features' including symposia and regular features on data, policy and technology.

• On-line access to *The Econometrics Journal*, a new electronic journal published by the Royal Economic Society and Blackwell Publishers. The journal seeks particularly to encourage reporting of new developments in the context of important applied problems and to promote a focus for debate about alternative approaches.

• Copies of the Society's *Newsletter*. This is published four times a year and offers an invaluable information service on conferences, visiting scholars, and other professional news as well as feature articles, letters and reports.

• The right to submit articles to the *Economic Journal* without payment of a submission fee.

• Discounts on registration fees for the Society's annual conference.

• Discounted prices for copies (for personal use only) of scholarly publications.

• The opportunity to take advantage of the grants, bursaries and scholarships offered to members of the Society.

Details and application form are available from:
The Membership Secretary, Royal Economic Society, University of York, Heslington, York, YO10 5DD.

Membership rates for 2004 are £45 ($65)*

There is a reduced rate of £22.50 ($36) for members who reside in developing countries (with per capita incomes below US$500) and for retired members. A special offer of three years membership for the price of one at this reduced rate is available to full-time students who join the Society for the first time in 2004.

* All customers in the EU should add 5 per cent VAT to these prices or provide a VAT registration number or evidence of entitlement to exemption. Canadian customers please add 7 per cent GST or provide evidence of exemption.

Ordinary UK member: £45 + £2.25VAT = £47.25
Ordinary EU member: €68 + €3.40 = €71.40
Ordinary Canadian member $65 + $4.55 = $69.55
Reduced rate members: $36/€34/£22.50 + GST/VAT as appropriate.

If you would like to join the Society, complete the adjacent application form and return it to the Membership Secretary at the address above.

Please enter my name as an applicant for membership of the Royal Economic Society. I enclose a cheque for

.... in payment of my subscription for 2004.

Name:

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Address:

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Occupation... Date............