



ROYAL ECONOMIC SOCIETY

# NEWSLETTER

Issue no. 141

April 2008

ROYAL ECONOMIC SOCIETY

## Some notable farewells

Many readers will know by now that Professor Richard Portes will be leaving his post as Secretary-General of the Royal Economic Society at the end of June. It is a post that he has held for fifteen years and these were fifteen years of notable progress and achievement for the Society. In his Secretary-General's Annual Report, Richard provides an entertaining review of the period. Penelope Rowlatt, the Society's Treasurer for nine years, is also leaving. Members will wish to thank them for their years of dedicated service and to wish them both well for the future.

On p. 10, we explain that Professor John Beath at St Andrews will be taking over as Secretary-General and that Mark Robson, from the Bank of England, will be taking over as Honorary Treasurer. Further changes of personnel may also follow in the near future and we shall report on these as they happen.

Being the April issue, we also have a letter from Angus Deaton. This one reports on international data that show a remarkably consistent link between per capita GDP and various measures of well-being. The notable exception involves US citizens who do worse on happiness and sadness measures than their incomes would predict and they are astonishingly dissatisfied with their healthcare system — even more so than the British. We also have an edited version of the Society of Business Economists' annual survey of economists' salaries and an article by David Evans that looks at the issues surrounding the choice of an appropriate discount rate for very long-term change. This is an issue that has been touched on in a number of recent contributions to the *Newsletter*. All this, and the usual regular news and updates.

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# NEWSLETTER

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## Next issue

### Newsletter No. 142 - July 2008

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

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## 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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# The Annual Report of the Secretary-General

*The Secretary-General, Professor Richard Portes, presented the following report on the Society's activities to its Annual General Meeting, held on 17th March during the 2008 Annual Conference at Warwick.*

**T**HIS IS THE LAST Annual Report of the Secretary-General that I shall deliver. After three five-year terms, I am standing down. In past Annual Reports, I have given details of the Society's activities over the previous year. This final Report will not follow the same pattern.

First, I want to highlight some issues facing economics in this country and elsewhere. I have mentioned them in past reports, and I shall quote a few passages. The good news is that the Royal Economic Society has responded to these issues in various ways, and I believe we have made a difference. The bad news is that the issues have nevertheless not gone away.

## 'Usefulness' of research

In a previous Annual Report, I observed that 'We are told that academic research must strive to be "useful", to achieve multidisciplinary insights on the key issues facing business and public policy-makers. There is little encouragement or funding for introverted, discipline-based theoretical speculation and model-building. "Users" guide our research priorities — excluding, by (misguided) definition, researchers building on others' results to push the discipline forward. Meanwhile resources are squeezed in higher education. This may be a rational, productivity-increasing reallocation of intellectual and other investment. We shall not know that for some time. What is already clear, however, is the fall in our output of high-quality PhDs who wish to enter academic life in the UK. We have not yet fully exhausted the inherited educational capital in our university system, so that despite relatively low real salaries, we are still able to recruit young staff from abroad, particularly elsewhere in Europe. But there is increasing difficulty in maintaining a significant UK presence in the forefront of a wide range of fields in economics.'

Some of the data have changed: more resources have been allocated to research; ESRC has moved to offering teaching buyouts, which are particularly valuable to theorists who did not benefit from ESRC funding for research assistance; UK economists have been entrepreneurial and

rather successful in getting funding from the various sources offered by the European Commission; and salaries for UK academic economists have risen, partly because of competitive pressures that I shall discuss in a moment. They had until recently also risen relative to Continental Europe, with the strength of sterling since 1995. So we have held our own. But in my own field, at least, international macroeconomics and finance, our relative position has nevertheless deteriorated.

## Outreach

More recently, I argued that 'It is essential to our professional academic ethos that we insist on the importance of advancing knowledge for its own sake. Yet most of us actually do want to be "useful" too — many of the best academics serve as policy advisers or consultants, even go into politics or business. We must insist that there is no contradiction in this: much analytical research is motivated by empirical puzzles or policy issues, and most policy analysis must rest on a consistent theoretical framework and empirical knowledge if it is to be of any serious, practical use. And just as in physics or cosmology, even pure theorists often like to communicate the excitement of their research to a broader, non-specialist audience. Those doing policy-relevant work or discovering interesting empirical regularities are normally eager to get attention and recognition for their results. But they all need help. Only the rare scholar has the gift of writing for a broad public, and even those who might have it usually rely on comparative advantage: communicating through journalists.'

The RES Council took a similar view and launched our Media Initiative, an effort funded by the Society (with initial help from ESRC). Romesh Vaitilingam has with great success helped UK academic economists to get their messages out. We see that now at every Annual Conference, where we get considerable press coverage for a range of papers that Romesh commends to the media.

## Research Assessment Exercise - the benefits of competition

‘Whatever the objections to the RAE, however, there is no doubt it has effected a remarkable change in incentives. The stimulus of competition is strong, even if imposed from above in a heavily regulated environment rather than developing from below with light regulation. It has induced unprecedented market-led responses from our institutions, and this has interacted with the growing internationalisation of our PhD students and faculty. It is instructive to contrast this new environment with the relative insularity and lack of competitive pressures in the German and French universities...I believe that overall the results are positive for both research and teaching, but we still must be concerned that we are unable to draw UK-trained undergraduates into our PhD programmes. The problems analysed by the Machin-Oswald report [that we commissioned 9 years ago and appeared in the *Economic Journal* June 2000, F334-349] are still very much with us. It is no consolation that the top American university graduate programmes are also populated primarily by students with non-American university undergraduate training — some of them, of course, our own.’

Competition is not the universal solution. It is, however, the best weapon we have against institutional rigidities, and we have seen the very positive results in the UK university sector. And here is an example from recent research on transparency in European and American corporate bond markets (in which I collaborated with several colleagues). We are often told that the US capital markets are the deepest, broadest, most liquid and most efficient in the world. We fancy ourselves to believe that the UK is not far behind. In fact, however, on a conventional measure of efficiency, the bid-ask spread, we found that spreads were actually lower in the euro-denominated corporate bond markets than either the US or the UK. Why? Our conjecture is simple: competition...

Let me give you another example, much closer to home. I work in a business school. Europe has no economics department that is clearly in the world top-15, but it does have two business schools that consistently rank in the top-10. That is not, I regret to say, because those institutions have endowments on scale of the major US schools. Rather, their relative success is due to market pressures, competition, and their willingness to respond to those pressures. Typically, business schools depend on fees, very little on state finance. They have no entry or exit barriers, so they both confront and exploit domestic and cross-border mobility. They face strong incentives to compete for students and faculty, so they are keenly responsive to market pressures. These business schools are outward-looking, with global reach. They stress differentiation and ‘branding’, not ‘harmonisation’.

In Europe — including the UK until fairly recently — we often find that conditions are very different. There is all too frequent outright opposition to market processes —

faculty may be civil servants, there are restrictions on entry (e.g. the *agrégation*), uniform and rigid salary scales, pensions that are not portable. We have seen recently a push for ‘comparability’ and ‘harmonisation’ of standards across Europe (e.g. for degrees). There are fairly rigid structures for cross-border cooperation (with some notable exceptions). We seldom observe any institutional identity or branding — academic institutions do not perceive a need for loyal alumni, partly because most or all of their resources come from the state. And universities strongly resist pressures to seek funding from alumni or the private sector.

Research programmes are often dictated by funders in a top-down manner. This is perhaps more frequent and blatant in the social sciences, because administrators and politicians think they understand these disciplines, which also have overtly political dimensions (whereas they cannot pretend to understand high-energy physics). So administrators, who may not have deep disciplinary backgrounds, nevertheless impose their own views rather than deferring to professional standards. We see this at the EU level in prescribed research topics, criteria for evaluating proposals, the choice of evaluators, and enforced multidisciplinary. I quote from a referee report on a proposal to the European Commission:

A major strength of this proposal is that it addresses a very large part of [the] topic...and is thematically highly relevant. However, its view of multidisciplinary seems rather narrow, because it is basically working within one methodological paradigm. While it does bring in a number of disciplines, these are represented by researchers who largely adopt this paradigm. This is not fully in line with the integrative approach toward multidisciplinary put forward by the new Network of Excellence instrument.

We also often find deep distrust of ‘orthodox, mainstream economic thought’: a referee on another proposal said, ‘...despite the excellence of the partners’ record within mainly economic science, they fail to include alternative, complementary or even competing approaches.’ The proposal failed. Referees like these have regrettably been taken seriously. Mediocrity is rationalised on the grounds that it is hard for the ‘heterodox’ to publish in top journals — despite the examples of Joseph Stiglitz, Amartya Sen, Herbert Simon, Samuel Bowles, Herbert Gintis, and many others.

The European Commission itself has confirmed the importance of this view:

Despite the fact that the results are interesting, some economists expressed strong reservations to publish the results [of the ‘reputational assessment’ of economics]. Their main concerns are that the addressed economists are only from the European Economics Association and not representing the vast spectrum of economic thought but represent more orthodox economic thought...Second...is that the results confirm common

perceptions on where the good, but mainly mainstream economics is taught and researched. (*Mapping of Excellence in Economics*, DG Research, 2004, p 192)

What we clearly needed was a European Research Council like the US National Science Foundation. We need not so much more but better funding, awarded on the basis of serious competition. And we now have it. The ERC now exists, it has made an auspicious start, and it is good to know that soon the distinguished economist Andreu Mas-Colell will become its Secretary General.

## The last fifteen years

The Royal Economic Society has changed very considerably in the past fifteen years. I have already mentioned the Junior Fellowship scheme and the Media Initiative. In rough chronological order, I cite several other features that make today's RES totally different from that of the 1980s and before:

- First, and importantly for the others, we instituted open elections to the RES Council.
- The Easter School was launched fifteen years ago by Peter Sinclair, with support from the RES and ESRC. It has been widely imitated, but in my view, nowhere equalled.
- We instituted the conference grant scheme and the small budget research grant scheme, of which I have spoken in previous Annual Reports.
- The RES Executive Committee and Council took some while to accept that the RES should follow the American Economic Association and establish a Women's Committee. But no one would now criticize that initiative, which has been very successful thanks to the commitment in particular of Denise Osborne, Carol Proper, and Heather Joshi.
- We have seen in recent years a substantial revamp of the *Economic Journal*. This began with Michael Wickens and his colleagues as Managing Editors, who have been succeeded by Andrew Scott and a new group of MEs. The *EJ* has been climbing steadily in the impact factor rankings, and recently its submission rates, especially in economic theory, have risen dramatically while its turnaround times have improved very substantially.
- Ten years ago we launched the online *Econometric Journal*, on an initiative led by David Hendry and under the editorship of Neil Shephard at the outset. This is now solidly established as one of the leading journals in the field.
- A few years ago, we began an ongoing series of annual public lectures, directed to students of economics in schools and other non-specialists. These have proved to be a wonderful example of outreach, as a sequence of distinguished economists have addressed with panache topics that are both serious and sexy.

There was considerable scepticism to overcome before the Society was able to launch our 'job market', which takes place at the end of January. Here John Sutton conducted excellent and successful diplomacy. This event brings in many participants from elsewhere in Europe, both economics departments and aspiring academics.

Most recently, we began last year an annual schools essay competition in economics. We were delighted to see 750 entries in this first year of the competition for the title of 'young economist of the year', and a number of the essays were of very high quality. This effort was sparked by John Vickers and Hamish McRae.

To conclude, I offer my thanks to several key individuals whom I have not already mentioned.

- to the Presidents with whom I have served: David Hendry, Tony Atkinson, Partha Dasgupta, Steve Nickell, John Sutton, and John Vickers
- to the Treasurers: John Flemming, whom I miss greatly, then Penelope Rowlatt
- to the *Newsletter* Editor, Peter Howells, whose patience with me is legendary, and to his predecessor, Thelma Liesner, who also served as Administration Officer for the first two years of my tenure
- and finally, most importantly, to Eleanor Burke, Administration Officer of the Society since 1995. The job grew considerably during that time, and so did Eleanor. I simply could not have done my job properly without her.

I have been Secretary-General of the Royal Economic Society for 15 years. There have been nine SGs since 1891. Edgeworth served only a year, 1891-2. Keynes, on the other hand, served 33, Austin Robinson 26. When I came in, succeeding the extremely capable Aubrey Silberston, it was following the major renewal of the Society inspired by Frank Hahn. I aspired to be the very model of the modern Secretary-General, 'with information vegetable, animal, and mineral.' But honestly, I could not claim that 'I know the kings of England and I quote the fights historical from Marathon to Waterloo in order categorical.' Still, I thought I might compensate by being 'very well acquainted with all matters mathematical, [since] I understand equations both the simple and quadratical. About binomial theory I'm teeming with a lot'a news, with many cheerful facts about the square of the hypotenuse. [Like all economists], I'm very good at integral and differential calculus, I know the scientific names of beings animalgulus [well, not quite]. In short in matters vegetable, animal, and mineral, I have sought to be the very model of the modern Secretary-General.'

Well, I cannot judge how far I have succeeded, but thanks to many colleagues, it has been great fun. The RES is a strong institution with an important role. I am sure John Beath will work even harder on behalf of the Society's members and the interests of our discipline, and I wish him all the best.

## Letter from America

# The passions, the politics... and the data

*In his latest letter, Angus Deaton comments on the findings of the Gallup/World Poll of people in 150 countries. These show a remarkably consistent link between per capita GDP and various measures of well-being. However, US citizens it seems do worse on happiness and sadness measures than their incomes would predict and they are astonishingly dissatisfied with their healthcare system — even more so than the British.*

POLITICS IS CONSTANTLY BEING SHAPED by new events and new data. And politics and politicians spin the data, impugn its accuracy, or highlight it, as circumstances demand. At a deeper level, there are links that run from politics and events back to the construction and the quality of data. When Newt Gingrich was Speaker of the House of Representatives, he threatened to ‘zero out’ the Bureau of Labor Statistics if it did not ‘improve’ the consumer price index to better reflect supposedly unmeasured quality improvements, and to stop over-compensating the elderly. Lawsuits buzz around the US decennial census like flies around road-kill. The US Constitution requires that political apportionment be adjusted to the results of the census, and because non-response is non-random with respect to party affiliation, even the most arcane statistical adjustment procedures become bones of political contention. There are also links that are more unusual and less predictable.

Jim Clifton, who is the CEO of the Gallup Organization, recalls a conversation with then Secretary of Defense Donald Rumsfeld, shortly after 9/11, in which they concluded that they really didn’t know why the attacks had taken place. They concluded that a major reason for their lack of understanding was that there was no Gallup Poll for the Middle East, or other Muslim areas of the world. This story reveals much about the dependence of decision making in Washington on polls but that is not my point here. Clifton, regularly hailed as one of America’s more visionary CEO’s, committed Gallup to fill the gap, and instituted a unique data gathering exercise, all the more so by being undertaken by a profit-making firm, not by the World Bank or the United Nations. This is the World Poll, whose aim, literally, is to construct a continuing random sample of all the people of the world. The core questionnaire, which takes about twenty-five minutes to adminis-

ter, contains a wide range of questions, not only about attitudes, but also about income, employment, health, and well-being. The first wave was in 2006, and covered random national samples of 150,000 people from almost 150 countries. Although not all countries in the world were covered, the World Poll reached many places for which such data are not often collected, including not only China, Myanmar, Afghanistan, Iraq, Iran, and Cuba, but a number of the poorest countries in the world, including Mali, Togo, Chad, Zimbabwe, and Sierra Leone. The Poll missed out on Sudan in the first wave, but covered it in the second round in 2007. Gallup has always prided itself

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on its links with academia, especially with psychologists, and my Princeton colleague Danny Kahneman has been heavily involved in the World Poll from the beginning, and Clifton has also brought in a number of economists including

(and in the interests of disclosure) the writer of this letter.

The World Poll reveals much about the world, about the US, and about the relationship between them. In line with Kahneman’s interest in measures of well-being, the World Poll asks questions on life-satisfaction-measured on an eleven point ladder — from the worst (0) to the best (10) possible life for you — as well as questions on affect that allow a more direct assessment of happiness and sadness. Across the world as a whole, there is a remarkably close relationship between individual and average national life satisfaction and per capita GDP; each doubling of income brings with it four-fifths of a rung on the ladder, a relationship that holds among rich countries as well as poor. Yet, as is the case for the relationship between life-expectancy and GDP, Americans are less satisfied with their lives than would be predicted by their incomes. They are much less satisfied than the Danes or the Finns, and almost as dissatisfied as the British. The US comes out

even worse on the happiness and sadness measures. People in richer countries enjoy themselves more, they smile and laugh more often, and they are less prone to depression and sadness, but Americans do worse than is warranted by their incomes. (The British are not easily characterized: they smile and enjoy themselves more than all but the inhabitants of six other countries in the world — Laos, New Zealand, Ireland, Holland, and Costa Rica — but they are sad and depressed about as much as are Americans.)

The most stunning findings, however, are related neither to life satisfaction nor to affect, but to anything to do with health. Americans are less likely to be satisfied with their personal health than the citizens of almost any other rich country; Japan, in spite of its extraordinarily high life-expectancy, is the exception. Americans' life-expectancy is also low by the standards of the rich world, but not low enough to justify their health perception. But if Americans are dissatisfied with their health, they are astonishingly dissatisfied with their medical and healthcare *system*, which is the most expensive in the world, absorbing sixteen percent of GDP, more than twice the corresponding figure for the UK. Yet only a half of Americans have confidence in their health and medical system; even in Britain, which recorded one of the lowest figures in Europe, two-thirds of people trust their system. The US not only lags behind Europe, but it ranks 88th out of the 120 countries for which these data were collected in the first wave. The US is not only behind such traditional good performers as Cuba, Vietnam, or Malaysia, but Americans trust their healthcare system less than do Indians, Iranians, Afghans, or Angolans. These findings almost certainly do not reflect a distrust of the personal medical care that Americans actually receive once they are in the system. There is no immediate prospect of health tourism from the US to Afghanistan, Iran, or Angola. Rather it is that Americans lack confidence in their healthcare system, and they worry about the increasing fraction of the population that is uninsured, about whether those of us who are insured will be allowed the treatment that our doctors recommend, about the extent to which insurers will actually pay, and about insurance arrangements in a future where costly medical innovation makes today's arrangements difficult to sustain. Which brings us back to the politics, where health and health insurance are at the forefront, not only of the debate between Republicans (cost-control and market incentives, and an apparent denial of adverse selection) and Democrats (universal insurance), but also the current debate between Senators Clinton and Obama (whether and how insurance should be 'mandated', given that a universal single payer system is seen as politically impossible in the US.)

What about people in the Muslim countries? It turns out they are a lot like Americans; they want the same freedoms and the same democracy that Americans want, and the vast majority reject violence and extremism. They

also believe that democracy should be built around their religion, a position that is far from unknown in the US. Yet nearly all of the inhabitants of Muslim countries have more confidence in their healthcare systems than do Americans.

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## Cambridge economist's research on wealth and well-being nets top award

Dr Luisa Corrado, from the University's Faculty of Economics, received one of five 'Marie Curie Excellence Awards' at the European Science Awards in Brussels on 12th March 2008. It is the first time a social scientist has ever won one of the prestigious prizes.

Dr Corrado specialises in the empirics of growth and especially in analyzing the relationship between income and well-being.

The judges evaluated Dr Corrado's work with top marks, adding that it 'shines new light on age-old questions' about wealth and well being. The judges also said that the work 'could help direct EU and national policy-makers towards activities that can truly impact on the well-being of society.' Janez Potoènik, European Commissioner for Science and Research, who presented the awards, said: 'These awards represent the best that Europe has to offer. They honour qualities that are important for all scientists, researchers, inventors and science communicators — excellence, openness and creativity.'

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## Changes at the Centre for Economic Performance - new chairman for policy committee

After six years as Chairman of the Centre for Economic Performance's Policy Committee, Lord Adair Turner has stepped down. He is replaced by Nicholas Macpherson, Permanent Secretary of the Treasury since August 2005.

Lord Turner was recently named as Chair of the ESRC Council. He will also head the Committee on Climate Change, a new high-profile body, being established under the Climate Change Bill. The Committee will provide independent, expert advice on how the UK can best meet its climate change goals.

Nicholas Macpherson joined the Treasury in 1985 after working as an economist for the CBI and Peat Marwick Mitchell (now KPMG). He has also worked on economic and monetary union — playing a key role in negotiating the Maastricht Treaty in 1991. Other senior positions have included Principal Private Secretary to the Chancellor of the Exchequer (1993-1997), where he managed the transition from Kenneth Clarke to Gordon Brown and Director of Welfare Reform (1998-2001), leading Treasury work on tax and benefit integration, child poverty and employment.

# Climate change, the Stern Review and Discounting the Future

*David Evans of Oxford Brookes University looks at an issue that has been the source of much controversy (some of it in these pages) since the appearance of Sir Nicholas Stern's review of the economics of climate change.*

The Stern Review on the economics of climate change calls for decisive and immediate action to limit greenhouse gas emissions because the enduring long-term benefits of doing so clearly outweigh the costs. To an important extent this conclusion depends on the incorporation of what many see as an unreasonably low discount rate in the welfare model used to compare alternative policy options. In this article, I wish to focus on the discount rate issue in order to assess how far the criticisms of Stern's low rate are justified and to what extent Stern's response to the critics is appropriate. The most controversial aspect is the application of an extremely low pure time discount rate ( $p$ ) which, after allowing for negligible catastrophe risk, is consistent with an ethical stance that weighs the welfare interests of present and future populations equally in relation to major global policy decisions taken 'today'.

Many economists object to the ethical stance imposed in the model and have suggested that we should, to some extent at least, be guided in this matter by market rates of interest. They argue that market rates are considerably higher than the low discount rate used by Stern. For example, in Deaton's article in the October 2007 *Newsletter* there is reference to a benchmark bond rate of 5 per cent.<sup>1</sup> However, this is a nominal rather than a real rate, so the relevant rate for comparison should be at least 2 percentage points lower (lower still if post-tax returns are considered). A real rate of 3 per cent is lower than the official social discount rates of 3.5 per cent and 4 per cent applied by the British and French governments, respectively, in standard cost-benefit analysis (CBA). The trouble with using market rates is deciding which particular rates are most relevant and then trying to decide how much they are distorted by market imperfections, for example the market power of financial institutions in the retail financial markets and the differences between saving and borrowing rates. In any case, the evidence from bond markets does not seem seriously out-of-line with some countries' official social discount rates and, moreover, can only offer a guide to appropriate discounting over periods of up to 30 or 40 years ahead. In relation to social time preference

considerations spanning many generations, which are relevant in the case of very long-term policy options and projects, market rates of interest are not appropriate.

In reply to criticisms concerning the choice of discount rate, Stern made it most clear that for ordinary long-term social projects with investment horizons of up to 30 years, the social time preference rate (STPR) of 3.5 per cent set by the British government is appropriate. Indeed, his treatment of the decline in marginal utility with economic growth along a particular policy option path (for example, 'taking no action on climate change') is entirely consistent with Treasury guidance. However, the choice of pure time discount rate ( $p$ ) is very different and the

extremely low value selected is to a large extent responsible for the low discount rate applied in the model. Furthermore, it is this low value of  $p$  that is so important when it comes to assessing the welfare impacts of alternative policy options.<sup>2</sup>

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“ Why is it that Stern can sanction the relevance of a pure time discount rate of 1.5 per cent in the appraisal of ordinary long-term social projects in the UK but insists on the relevance of a trivial rate of only 0.1 per cent in the very long-term global climate change model? ”

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Why is it that Stern can sanction the relevance of a pure time dis-

count rate of 1.5 per cent in the appraisal of ordinary long-term social projects in the UK but insists on the relevance of a trivial rate of only 0.1 per cent in the very long-term global climate change model? First of all, the 1.5 per cent rate includes an element covering the pure time preference of individuals (or their elected representatives) due to factors such as impatience and myopia (0.5 per cent). Stern argues that while this is a relevant consideration for individuals within their own lifetimes, and thus relevant in the appraisal of ordinary long-term projects, it has no relevance to inter-generational issues. This has to be seen as a controversial viewpoint since there are issues here concerning an individual's time preference for his or her own consumption as opposed to preferences expressed for the wellbeing of society as a whole, most obviously through government policy. The Stern Review is very clear on its ethical stance concerning inter-generational equity; the welfare of all generations should count equally and, as such, pure time preference should be set at 0 per cent. Such a view is in keeping with the thinking of Ramsey and other British economists but there are many others who would claim higher rates are relevant, with

most selecting figures somewhere in the range 0-2 per cent.<sup>3</sup> These alternative viewpoints are certainly credible and indicate varying ethical stances on matters concerning inter-generational equity.

A particular problem with respect to the rather disparate views on appropriate values for the pure time discount rate, is that it is by no means clear whether some of the opinions expressed are referring to pure time preference alone or also to 'life chance' or 'catastrophe risk'. The British pure time discount rate of 1.5 per cent is mostly made-up of catastrophe risk, set at 1 per cent. So, while Stern argues somewhat controversially against the inclusion of a pure time preference rate, he admits to the relevance of catastrophe risk. Why then is this set at only 0.1 per cent rather than 1 per cent? On this matter, the argument put forward is only partly convincing. Stern agrees that for ordinary projects a rate of 1 per cent is defensible because the catastrophe risk in question relates to the possible elimination of all project returns through destruction of capital and technological obsolescence. However, in relation to major global policy options that impact on many future generations, catastrophe risk is seen in terms of cancellation of all welfare impacts due to the occurrence of a devastating event that eliminates the human race. This is the most extreme stance possible on catastrophe risk, even disqualifying disasters like the 'Black Death' from consideration, and it would not be unreasonable to take a less extreme position. In short, there is clearly scope to raise the value of the pure time discount rate in the Stern model both in relation to catastrophe risk and also by introducing a positive rate of pure time preference.

In recent articles in the *Journal of Economic Literature* (vol. XLV, September 2007) both Nordhaus and Weitzman argue that a discount rate as high as 6 per cent may be relevant as opposed to the extremely low rate of 1.4 per cent recommended by Stern.<sup>4</sup> They argue that this much higher rate is at least consistent with observable market savings behaviour. In his modelling of alternative discounting strategies, Nordhaus shows that a more cautious approach on climate change mitigation policy may still be appropriate even if a near zero pure time discount rate is employed. This conclusion rests on the incorporation of a higher value for the elasticity of marginal utility of consumption ( $e$ ) in the overall discount rate (STPR).<sup>5</sup> Weitzman's article draws attention to the importance of uncertainty in the discount rate, so that even if we entertain the idea that the relevant rate could fall anywhere in the wide band 1.4 - 6 per cent, over time the certainty-equivalent discount rate will gradually fall towards the bottom of this band. This influence of uncertainty raises the possibility at least that Stern is more correct on global climate change mitigation policy than many critics believe but for essentially the wrong reasons. However, such a possibility does to an important extent depend on all values in the band being considered equally likely rates and it appears to be the case that most economists

are much more sceptical about the very low rates.

Developed countries can better afford the 'insurance costs' associated with the implementation of climate change mitigation policies. For countries with strong and urgent economic development agenda, such as China, India and the new member states in the European Union, there is good reason to weight the welfare interests of the present generation more heavily than those of future generations. Impatience for development 'now', as opposed to 'later', justifies the application of a higher pure time discount rate ( $p$ ). So, given all the aggregation and averaging in the welfare model described by Stern, it seems reasonable to take an average position with respect to economists' differing opinions on the appropriate value of  $p$ . A range of 0-2 per cent would largely cover these views. In fact, allowing for uncertainty in  $p$  would justify the application of a present value weighting of about 45 per cent to the projected environmental impacts in a hundred years time.<sup>6</sup> This outcome represents a reasonable 'average ethical stance' given the aforementioned averaging and aggregation in the Stern welfare model. In fact, more than a few important welfare issues, including social affordability concerns, are conveniently hidden from view in this aggregation but discussion of these matters I will leave to others.

Notes:

1 See A Deaton, 'Letter from America - On transatlantic vices, or Stern in America', *Royal Economic Society Newsletter* (139), October 2007, p4.

2 For brief comments on the importance of the context in which discount rates are being applied, see N Stern, 'Climate Change, Ethics and the Economics of the Global Deal', *Royal Economic Society Newsletter* (140), January 2008, p11.

3 See M Spackman, ch 11 (pp 260-261) and D Evans ch 12 (pp 282-284) in M Florio (ed) *Cost-Benefit Analysis and Incentives in Evaluation: the Structural Funds of the European Union*, (Cheltenham UK: E Elgar, 2007).

4 The two *Journal of Economic Literature* articles are: W D Nordhaus, 'A Review of the Stern Review on the Economics of Climate Change', pp 686 - 702 and M L Weitzman, 'A Review of the Stern Review on the Economics of Climate Change', pp 703 - 724.

5 Nordhaus assumes a value of 3 for  $e$  in this particular case. However, much of the empirical evidence on this component of the STPR suggests the relevance of a considerably lower value; see M Spackman (ch.11, pp 262-265) and D Evans (ch.12 pp 285-291), loc cit.

6 See D Evans (2008), 'Social Project Appraisal and Discounting for the Very Long Term', *Economic Issues* (13), Part 1, pp 61-70.

## New Secretary-General and Honorary Treasurer

Richard Portes's service to the Society as Secretary-General comes to an end in June — an event to be marked in the next *Newsletter* — and the RES Council has appointed **John Beath** as his successor. John is a professor at the University of St. Andrews and was Head of the School of Social Sciences. He has a long connection with RES (as chair of CHUDE and a member of Council and the Executive). He was elected a Fellow of the Royal Society of Edinburgh in 2007 and is an active member of the Scottish Economic Society.

John trained at the Universities of St. Andrews, London and Pennsylvania. Before moving to St. Andrews in 1991, he worked in Cambridge (on macro models in Richard Stone's Cambridge Growth Project) and then at Bristol. Among much else he has served on two RAE panels, was Production Editor for the Review of Economic Studies and has been actively involved in ESRC work.

Most of John's career has been spent as a micro economist, initially with Oliver Williamson (on internal capital markets) and, more recently, on IO, especially the economics of R&D. His current research is on relative income models of well-being, the transmission of tacit information and the economic issues around patenting in the life sciences.

A new Business Manager role will soon be created to work alongside the Secretary-General: the next *Newsletter* will have details.

The Society also has a new Honorary Treasurer. The AGM at the annual conference appointed **Mark Robson** to succeed Penelope Rowlatt, who is stepping down after nine years in the role. Mark is a senior manager at the Bank of England, where he has worked variously in the financial stability, finance and resource planning, and now banknote areas. He joined the Bank in 1995 from the OECD in Paris where he was principal tax economist. Previously he taught mathematics, was an Inspector of Taxes, a Government Economic Adviser, and a senior manager with KPMG. He has also been Treasurer and Fellow of Lady Margaret Hall at Oxford University and Honorary Treasurer of the Royal Statistical Society. Mark is also a member of City University's Court and Council.

The Society is greatly indebted to Richard and Penelope for their service, and we welcome John and Mark as their successors.

## News from the Economics Network of the Higher Education Academy

Bidding for the *Economics Network Learning and Teaching Development Projects 2008-2009* is now open.

The Projects Programme aims to:

- encourage and support curriculum developments, learning and teaching research, and other innovations to enhance students' learning experiences.
- encourage collaboration and facilitate dissemination and sharing of good practice between departments, local support services and institutions.

### *Who can apply?*

Any academic or group of academics involved in teaching Economics at either undergraduate or postgraduate level in the UK. Departmental/faculty/central staff that support learning and teaching in Economics may also apply as part of an academic-led proposal. Collaboration within institutions and between institutions is encouraged, although not essential.

### *Key details*

Funding range —

Development of Project Ideas: £1000

New Learning and Teaching Projects: £5000

Extension of Projects: £5000

Economic Networks between Universities: £2000

Project length: no longer than 12 months

### *Key dates*

Closing date for proposals: **Tuesday 6 May 2008**

Successful bids announced: Friday 23 May 2008

Initial Project meeting: June 2008

Further information, including application forms from: <http://www.economicsnetwork.ac.uk/projects/funded.htm>  
Informal enquiries: Inna Pomorina (phone: 0117 928 7163, email: [Inna.Pomorina@bristol.ac.uk](mailto:Inna.Pomorina@bristol.ac.uk))

Details of the Economics Network's

### **2008 Learning and Teaching in Economics Awards**

can be found on p.21

# ESRC International Benchmarking Review at Warwick

*Neil Rickman, University of Surrey reports on the ESRC's international benchmarking review of economics, some of which centred on the Society's Annual Conference last month.*

As announced in the *Newsletter* of October 2007, the ESRC is undertaking a rolling review of its core disciplines to measure them against international standards. The objective is to help identify areas of strength, weakness and potential within disciplines in order to inform funding strategies into the future. Having completed the International Benchmarking Reviews (IBRs) of UK Social Anthropology and Politics and International Relations,<sup>1</sup> this important process has now turned attention to Economics. Whilst previous reviews have travelled to regional centres to meet academics and departments, the Economics Steering Group (chaired by John Vickers) preferred to base the review at this year's RES conference at Warwick last month. This was to reduce the burden on the Review Panel (thus attracting the highest calibre of reviewers) and to ensure that Panel was able to participate in a major event for the UK discipline (thus providing additional information on our activities). Having now completed its conference visit, the Panel is in the process of drafting its report, to be submitted over the Summer.

The rationale for basing the review at the RES conference certainly appears to have paid dividends. The Panel itself is of exceptional quality: its Chair is Professor Elhanan Helpman (Harvard), and the other members are Professor Hyun Song Shin (Princeton), Professor Philippe Weil (Université Libre de Bruxelles), Professor Manuel Arellano (CEMFI, Madrid), Professor Andreu Mas Collé (Universitat Pompeu Fabra) and Professor Guido Tabellini (Universitat Bocconi). The ESRC estimates that the Panel met 120 of us, plus PhD students and numerous Users, in formal meetings (described below) and all were able to attend keynote speeches (with Professor Song giving the XXXXI Lecture). The Panel was also able to attend the Conference Dinner.

Prior to arrival, the Panel received background information on HE funding in the UK, bibliometrics and other statistics along with the results from a survey of Users.<sup>2</sup> Much of this was commissioned by the ESRC but it also included the RES's bibliometric study (Vasilakos, Lanot and Worrall) and its Gender and Ethnic Balance survey (Georgiadis and Manning). The visit itself was structured around meetings with researchers from particular sub-fields (selected following discussion with the Panel), each lasting two hours. For each of these, a briefing paper was

commissioned from a lead researcher in the sub-field. Thus, there were sessions on Financial Economics, Labour Economics, IO, Development Economics, International Economics, Public Economics (including Health, Environment and Education), Econometrics, Macro and Monetary Economics, and Micro Theory. Meetings were structured around themes that related to the quality of research, international comparisons, student training (at undergraduate and postgraduate), applied research, interdepartmental and interdisciplinary cooperation and the level of research funding. These sub-field meetings were supplemented by meetings with a selection of Heads of Department, the RES Women's Committee, PhD students and (outside the conference) a selection of Government departments (including the Governor of the Bank of England, and Denise Osborn, RAE sub-panel chair).

Overall, the visit went smoothly. Obviously, we await the outcome with interest but in the meantime it is appropriate to thank all those who wrote briefings and who participated in the Panel's meetings, as well as those who organised and participated in a successful and impressive conference. Along with academic input, we also received excellent support from Users (attendees at Panel meetings and Survey respondents), with particular thanks to Vicky Pryce, Chris Giles and Charlie Bean, who played active roles in helping to arrange the User meetings in London and gave valuable advice on the Survey. We are also grateful to the Bank of England for hosting several events on the Panel's final day and, of course, for the Governor's time and input. The ESRC is running the review and (through Faye Auty and Pui Chan) lent valuable organisational support before and during the visit. Finally, of course, our thanks to the Panel for its time and support during the review to date.

Notes:

1. These reviews are available at <http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/Support/Evaluation/publications>.
2. A submission was also received from the Association of Heterodox Economics.

# Economists' salaries in 2007

*The Society of Business Economists publishes an annual report on economists' salaries based on survey data. The full report, written by Simon Mansfield, appears in The Business Economist, 38 (2) 2007. We are grateful to the SBE for permission to publish this edited version.*

The 2007 SBE Salary Survey questionnaire was completed by 111 respondents. The data suggest that there has been a significant turnover in those who responded compared with 2006. An interesting departure in the 2007 is the modification of the employment sectors in the questionnaire to distinguish between 'retail banking' and 'wholesale and investment banking'. The results show that the divide between them in terms of remuneration is considerable.

## General remuneration profile

For the first time, the survey recorded a £1,000,000 total cash compensation — in asset management. More surprisingly, perhaps, average salaries and total cash com-

ensation for women were both much higher than for men.

Table 1 provides details of the profiles and average earnings of respondents in each employment sector, showing relative sectoral representation, average age and the average number of years of service.

Overall, average salaries grew by 12.7 per cent from £66,700 in 2006 to £75,162 in 2007 and average total cash compensation is now running at £98,873, versus £89,800 in last year's survey. The highest increases were in asset management, industry and commerce, trade associations and the government and public sectors.

Although 3 per cent fewer respondents received a cash

**Table 1: General remuneration profile by sector**

	Academia	Public sector	Consulting	Investment banking	Retail banking	Asset management & insurance	Industry & commerce	Trade associations	Other
Number	7	25	22	11	8	13	14	10	1
% of total	6.3	22.5	19.8	9.9	7.2	11.7	12.6	9.0	0.9
Average age	57.0	42.0	45.0	45.0	42.0	47.0	45.0	42.0	38.0
Average service (yrs)	12.6	6.4	5.4	6.9	10.1	8.4	10.9	7.7	1.5
Average salary	27,900	69,100	70,900	90,300	57,600	105,401	104,300	53,300	48,500
Range (£k)	1-46	30-143	32-145	30-160	31-95	38-250	24-350	40-90	48
Median (£k)	31.0	65.5	47.0	100.0	53.3	92.5	69.0	52.5	48.5
Average total cash compensation	29,110	72,400	85,700	145,800	72,700	204,463	116,000	55,800	48,500
Range (£k)	1-46	30-168	35-265	30-330	33-135	44-1,000	24-355	40-110	48
Median (£k)	31.0	67.5	73.0	150.0	66.3	120.0	82.5	53.5	48.5
Average pay rise (%)	6.3	3.9	8.2	5.4	6.1	4.9	5.0	1.9	2.5
Average rise OTR* (%)	7.3	4.6	10.0	7.6	7.0	8.0	5.3	5.4	2.5
Range (%)	0-25	0-13	0-29	0-10	0-15	0-20	0-20	0-14	2.5
In share schemes (%)	0	0	10	64	50	54	28	0	0
Receiving shares (%)	0	0	50	86	75	71	100	0	0
Average value OTR (£k)*	0	0	50.0	7.8	16.5	22.8	52.3	0	0
Average bonus	0	3,360	12,040	54,910	15,160	58,709	8,150	2,300	0
Bonus as % of salary	0	3.9	12.8	50.8	23.2	59.1	12.2	14.7	0
Range %	0	0-17	0-83	0-136	0-42	0-117	0-23	0-20	0
Avg % of total compensation	0	3.65	9.6	28.60	17.9	24.38	10.30	2.50	0
Range %	0	0-15	0-45	0-58	0-30	0-54	0-18	0-16	0

\* of those receiving a pay rise or shares

**Table 2: Salaries and total compensation**

Range (£k)	Basic salaries			Total cash compensation		
	Percent of replies			Range (£k)	Number	Percent of replies
	2007	2006	2005			
<=20	3	2	2	<=30	5	5
21-30	3	4	7	31-40	12	11
31-40	12	13	8	41-50	11	10
41-50	18	24	24	51-60	19	17
51-60	14	16	15	61-80	20	18
61-70	10	5	11	81-100	12	11
71-80	9	4	8	101-150	18	16
81-100	18	18	13	>150	14	13
>100	17	14	12			
Median (£k)	63.0	55.2	55.0		70.0	
Maximum (£k)	350.0	154.0	280.0		1,000	
Minimum (£k)	2.0	3.0	5.0		2.0	
Men (%)	83	81	82			
Salary (£k)	71.3	68.4	66.4			
Women (%)	17	19	18			
Salary (£k)	93.8	58.2	72.8			
No. of responses	104	105	104		111	100

bonus in this period, still 60 per cent did and 16 per cent of respondents received shares and 10 per cent received options, significantly higher percentages than last year.

Median salaries were generally similar to average salaries except in consulting and industry and commerce, where average salaries were significantly higher than the median, indicating a small number of very high earners in each sector. The highest average salary was in asset management at £105,401, and the lowest in academia, at £27,900.

Employment by sectors was rather different when compared with last year. There was a 21 per cent decline in respondents in consulting, but increases of 100 per cent and 61 per cent in replies from those in industry and commerce and asset management respectively. Overall, the average age of respondents in 2007 rose from 43 to 45 years and, surprisingly perhaps, the length of service with the present employer has also risen from 7 to 7.8 years.

## Salary ranges

Table 2 shows the percentage of respondents in each salary range and the number and percentage of in each total cash compensation range. Again the gradual migration up the ranges of our respondents is apparent, and the percentage of respondents receiving salaries in excess of £100,000 rose to 17 per cent, against 14 per cent in 2006. The maximum reported salary has also risen from \$154,000 to £350,000.

“ The highest average salary was in asset management at £105,401, and the lowest in academia, at £27,900. ”

## Benefits

Table 3 shows the main type of benefits received by respondents. Slightly fewer received medical benefits than last year, down 3.5 per cent, although an additional 4.3 per cent enjoy the use of a company car. Housing assistance has been all but abandoned amongst respondents and so it is not reported here.

The same proportion of respondents (92 per cent) are in a pension scheme as last year, but in just one year the non-contributory pension has almost disappeared. There has been a corresponding increase in the take-up for personal pensions, up from 12 per cent of respondents last year, to 48 per cent in 2007.

**Table 3: General benefits**

	Male	% of respondents	Female	% of respondents	Total	% of respondents
<i>General benefits</i>						
Medical	42	45.6	7	38.8	49	44.5
Company car	29	31.5	3	16.7	30	27.3
<i>Pension schemes</i>						
Respondents in a pension scheme	83	90	16	88.9	101	91.8
<i>Final salary schemes</i>						
Contributory	12	13.0	5	27.8	17	15.5
Non-contributory	12	13.0	4	22.2	16	14.5
Personal pension	35	38.0	3	16.7	38	34.5
<i>Defined contribution schemes</i>						
Contributory	13	14.1	0	0	13	11.8
Non-contributory	0	0	0	0	0	0
Personal pension	11	11.9	4	22.2	15	13.6
<i>Share and option schemes</i>						
Number with a scheme	21	22.8	3	16.7	24	21.8
Number receiving shares in 2006	16	17.4	2	11.1	18	16.4
Average value received (£)	19,027		78,500		25,635	
Average value as % of salary	19.2		119.8		25.2	
Average value as % of total compensation	13.9		98.1		23.3	
Number receiving options 2006	11	11.9	0	0	11	10.0
Average value received (£)	27,852		0		27,851	
Average value as % of salary	20.8		0		20.8	
Average value as % of total compensation	12.1		0		12.1	

The number of respondents participating in share schemes fell from 27 per cent to 22 per cent in 2007, but the number of those in such schemes that received shares actually rose, from 11 per cent to 16 per cent.

## Activity and employment

Table 4 shows employment by sector and primary activity (or job function) within each employment sector. Previous surveys have merely recorded the number of individuals represented at each data point. But this year's survey provides a more interesting comparison of average salaries in each function within each sector

The highest salary and total cash compensation were both recorded in the markets trading or fund management activity, followed by senior or general management. The lowest salary was recorded in project analysis evaluation and strategic planning and the lowest total cash compensation was in international country analysis.

## Academic achievement

Table 5 shows profile and salary data relating to academic qualifications for each employment sector. The survey recorded the same number of BScs (10) and PhDs (14) as in 2006, but more MScs (46, against 35 in 2006) and fewer MAs (22, against 35 in 2006).

Interestingly the MAs, with an average age of 50, were older than the MScs, who averaged about 40 years of age. Does this suggest that amongst economists the MBA is becoming a less relevant qualification? And that the ostensibly more technical MSc is becoming more useful than an MBA?

If so, this is at odds with the fact that average salaries for those with a BA were once again significantly higher than those with a BSc, and average total cash compensation was even more markedly different. Indeed, average total cash compensation was higher for BAs was higher than for any other group. Average salaries and average total cash compensation were not materially different between MAs and MScs, but both were significantly lower than for those holding a BA.

**Table 4: Activity by employment sector - average total cash compensation**

<i>Employment</i>	<i>Econometrics, forecasting &amp; modelling</i>	<i>Project evaluation &amp; strategic planning</i>	<i>Market trading or fund management</i>	<i>International or country analysis</i>	<i>Public policy analysis</i>	<i>Senior or general management</i>
Investment banking	£117,500	N/A	£205,000	£92,250	N/A	£192,300
Retail banking	£63,000	£64,400	£135,000	N/A	N/A	N/A
Asset management	£98,625	N/A	£337,906	£124,000	N/A	N/A
Insurance	N/A	£220,000	N/A	N/A	N/A	N/A
Consultancy	£68,875	N/A	£105,000	£85,608	£90,833	£92,750
Trade associations	£40,000	£36,750	N/A	N/A	£52,200	£110,000
Academia	N/A	£32,160	N/A	£46,000	N/A	N/A
Public sector	£30,350	£63,000	N/A	£61,500	£72,968	£95,880
Industry and commerce	£75,833	N/A	N/A	N/A	£101,000	£161,183
Median salary	£51,000	£42,250	£110,000	£51,175	£58,360	£90,000
Range (£k)	30-120	19-120	71-250	30-145	38-143	24-350
Median total cash compensation	£69,000	£57,150	£150,000	£51,500	£60,660	£99,400
Range (£k)	30-165	19-220	97-1,000	30-265	38-168	24-380

**Table 5: Qualification by sector — average total cash compensation (£k)**

<i>Qualification</i>	<i>BA</i>	<i>BSc</i>	<i>MA</i>	<i>MSc</i>	<i>MBA</i>	<i>PhD</i>
Number	15	10	22	46	4	14
% of total	13.5	9.0	19.8	41.4	3.6	12.6
Average age (yrs)	45.0	43.2	50.3	40.6	52.7	49.8
Average salary	84.7	65.8	65.4	68.2	81.8	107.9
Average total cash compensation	149.5	79.5	88.7	83.6	115.8	119.7
Median	61.0	66.0	68.3	72.0	92.0	75.0
Investment banking	150.0	130.0	130.6	226.7	N/A	60.5
Retail banking	52.0	76.0	98.5	68.3	N/A	N/A
Asset management	372.5	215.6	110.0	104.8	N/A	102.0
Insurance	N/A	N/A	N/A	N/A	220.0	N/A
Industry and commerce	N/A	38.0	69.0	82.1	59.0	284.0
Other service activities	69.3	N/A	57.5	45.8	N/A	52.0
Consulting	37.1	70.5	100.4	67.9	125.0	135.0
Public sector	63.6	56.0	73.7	76.7	N/A	52.8
Academia	N/A	1.6	19.6	46.0	N/A	35.5

The Society of Business Economists has a website at: [www.sbe.co.uk](http://www.sbe.co.uk)

# Obituaries

## Stephen Frowen

Stephen Frowen was a scholar, teacher and editor of great distinction. In particular, he was a longstanding critical and valued observer of German domestic and external monetary policy. More than anyone else, Stephen Frowen was a mediator in issues of monetary policy between Germany, his native country, and Great Britain, his adopted home. Against this backdrop, it seems only natural that my first personal encounter with Stephen Frowen took place in the 1990s, when I was President of the Deutsche Bundesbank. The relationship between Stephen Frowen and the Deutsche Bundesbank had a long and multifaceted history. It was shaped by in-depth personal contacts and was thus far more than the usual exchange of ideas which often takes place between a critical scholar and the decision-makers of a central bank.

Professor Frowen's biography provides an initial indication of the possible reasons for his main interests. His eventful life — he was born in Germany in 1923 but had lived in Great Britain since 1949 — allowed him to gain deep insights into both German and British economic and monetary policy. After completing his studies, Stephen Frowen first chose to operate at an international level, where he soon took over the editorial chair of *The Bankers' Magazine* (now *Financial World*), which is published in Great Britain. Finally, however, he decided to return to the field of scholarship for good. In 1960, there were already signs of this change of direction, when Stephen Frowen moved to the National Institute of Economic and Social Research. With the assumption of full-time lecturing obligations in 1962 and the resulting re-entry into the academic world, this change of direction became definite. Thereafter, he pursued his academic path steadfastly and with great enthusiasm.

While Stephen Frowen centred his life on Great Britain, he never turned his back on Germany. To start with, there were close personal contacts, such as those with Norbert Kloten, his lifelong friend, whom he met while studying economics at the University of Bonn and who was later to become a member of the Central Bank Council of the Deutsche Bundesbank. But it was much more than friendships. His many visiting professorships in Germany also contributed to a continuous analysis of monetary policy issues in Germany. In 1987, the Bundesbank was particularly fortunate to gain Stephen Frowen as the inaugural holder of the professorial chair for international currency issues and monetary policy, which was endowed by the Deutsche Bundesbank at the Free University of Berlin on the 750th anniversary of the city of Berlin.

Stephen Frowen deserves credit for something more, however. Promoting mutual understanding of British and German monetary policy was always at the heart of his work. I have lost count of his various articles, papers and publications, but titles such as 'The German currency union of 1990', 'Black Wednesday and the Bundesbank' and 'An evaluation of inflation targeting in Germany and the UK' speak for themselves. Stephen Frowen always succeeded in keeping his eye on the currently most urgent monetary policy issues and in making his theoretical work understandable as a help and guide to practical monetary policy. He organised a multitude of conferences, which brought together theoreticians and monetary policy practitioners for an in-depth exchange of views. He was also the editor of several collective works which serve this purpose, and, in particular, he made numerous efforts in arranging personal contacts between British and Germans. Stephen Frowen's keenness to give an international public some idea of German monetary policy was officially recognised when he was awarded the German Grand Cross of Merit in 1993. It is for this work, in particular, that he deserves our special gratitude.

Almost ten years ago, the Bundesbank held a dinner in honour of Stephen Frowen's 75th birthday. As then President of the Deutsche Bundesbank, I ended my *laudatio* by speculating briefly about Stephen Frowen's future work. Given his unceasing commitment to economic research, the idea of retirement — though it would undoubtedly have been well-deserved — was far from my mind. I was right; his active mind led him to keep abreast of current developments in economics. Some of his most recent publications include the much acclaimed *Economists in discussion — the correspondence between G.L.S. Shackle and Stephen F Frowen, 1951-1992* as well as *50 years of the German Mark — essays in honour of Stephen F Frowen*, to which he contributed a chapter.

Today, we look back on a comprehensive scholarly body of work on monetary economics and banking by Stephen Frowen, which is characterised, above all, by the quality of his empirical work in the field of monetary theory. In a wide-ranging interview in 2001, Stephen Frowen asked me about the prospects of European monetary union. My answers reflected my firm belief that the euro would be a success story — provided that all parties involved were prepared to work for it. So far, this view has proved accurate. Unfortunately, however, we shall not be able to hear Stephen Frowen's own evaluation of the maturing European monetary union.

*Hans Tietmeyer*  
Former President of the Deutsche Bundesbank

## Andrew Glyn

Andrew Glyn, one of Britain's best known Marxist economists died in Oxford on the 22 December.

Andrew Glyn came to national and international prominence in 1972 with his book, co-authored with Bob Sutcliffe, *British Capitalism, Workers and the Profits Squeeze*. At a time of slowing growth in the 1960s, the accepted view among leading economists had swung back towards the pre-War 'Treasury View' that the fault in the British economic system lay in the labour market, and the subjection of wage bargaining to excessive union power. In their book Andrew Glyn and Bob Sutcliffe gave a much more radical, classical account of this argument. The slow growth was due to a generalised fall in the rate of profit due to, on the one hand, union militancy and, on the other hand, increasing foreign competition. The book galvanised British Marxist economists out of doctrinaire disputes and gave a much-needed policy focus to the deliberations of the left. Andrew Glyn followed this up with further analyses of political economy from a Marxist stand-point. He was a Trotskyist in the 1970s, and criticised the Tribune/Communist Party's *Alternative Economic Strategy*. In the 1980s he contributed solid statistical research to trade union struggles, most notably that of the National Union of Mineworkers in their showdown with the National Coal Board and the Thatcher Government. Sadly, the dispute was not about reason, but a struggle for power.

Andrew Glyn continued with a stream of publications, right up to his death, documenting and analysing economic policy, its distributional consequences and the effects of both for the economic dynamics of various capitalist countries. Among his less political works was an important study of the export market competitiveness of OECD co-authored with his second wife Wendy Carlin, and John van Reenen, published in 1999. His last book was *Capitalism Unleashed*, published in 2006. This criticises global capitalism for its tendencies to inequality and the dominance of finance. In all these works his use of solid statistical research, rather than moralising or textual exegesis to present his radical case, brought his work to audiences beyond the dwindling band of Marxist economists.

Andrew Glyn was born in 1943 into a wealthy banking family. After an education at Eton College, he studied politics, philosophy and economics at New College Oxford. On graduation he went to work as a government economist during Harold Wilson's first administration. In 1966, Andrew Glyn returned to Oxford to Nuffield College. In 1969, he was appointed to a fellowship at Corpus Christi College, where he taught with conspicuous enthusiasm until last summer. To its shame the University never honoured one of its most prolific and well-known economists with a Chair. But then he had little time for academic baubles. Despite his best efforts Andrew's death leaves

behind an economics profession more than ever addicted to conventional wisdom.

*Jan Toporowski*

*School of Oriental and African Studies, and  
Research Centre for the History and Methodology of  
Economics at the University of Amsterdam.*

## Dennis Lees

Professor Dennis Samuel Lees was born on July 20th 1924 in Sandiacre, Derbyshire, the eldest of five children, moving shortly afterwards to nearby Borrowash. His school record was not particularly distinguished (he failed his 11+) and he left to become an apprentice joiner. He really enjoyed this work but polio struck at the age of 18. He was unable to continue his apprenticeship and the attack left him deformed with a legacy of severely restricted mobility and frequent pain throughout his life. He died on 11th February 2008 in Nottingham.

Epitomising his approach to life he reacted to this setback with great determination. With the support of his family and their considerable sacrifice, he returned to education at Derby College. He took the University Matriculation Exams and applied to the then University College Nottingham, later the University of Nottingham. He applied to read Geography but was rejected as the course was fully subscribed. Fortunately, it was suggested that he might like to consider Economics. His decision to take that opportunity was fully vindicated and he graduated in 1948 with an external London degree in Economics. He progressed straight to postgraduate study and was awarded his PhD in 1951 on the topic of British monetary policy, 1932-39. For his first academic post he joined the staff of the University College of North Staffordshire (later Keele University) where he remained until appointed as Professor of Economics at the University of Swansea in 1965. In 1968 he joined the University of Nottingham as Professor of Industrial Economics and Head of the Department as only the second holder of that post in succession to Professor F. A. Wells.

During his career he held visiting posts at Reed College, Portland Oregon, the University of Chicago, the University of Sydney and the University of California, Berkeley. His time at Chicago in 1963/4 was particularly influential bringing him into close contact with leading scholars such as Milton Friedman and Ronald Coase.

Dennis always held a strong belief in the primacy of market solutions to economic problems and much of his research and writing reflected this conviction. As a strong supporter of the Institute of Economic Affairs he was a close associate of Arthur Seldon and Ralph Harris. He remained an Honorary Fellow of the Institute until his death. He had a remarkable ability to express complex ideas succinctly and with penetrating clarity. He always

argued that his training as a carpenter gave him enormous insights into understanding the structure of difficult problems. His most powerful writings were directed at a non-specialised audience and always sought to get to the heart of a policy debate. He made significant contributions to the discussions on welfare and health care in particular.

His research and writings emphasised policy issues and covered areas such as antitrust, mergers, the economics of industrial accidents, industrial training and finance for small firms. His penetrating analysis of the economic consequences of the professions was a major landmark in this type of research. Reflecting his strong interest in applied economics, alongside leading colleagues such as Professors Victor Morgan, Alan Peacock and John Dunning he helped to establish a successful consulting business, the Economists Advisory Group, which produced a number of influential reports for both private and public sector clients.

During the 1970s he served on a number of important government committees. These included the National Insurance Advisory Committee and the Industrial Injuries Advisory Council of which he became Chairman in 1974. He was awarded a CBE in 1980 in recognition of his contribution. This work also led to influential publications on *Impairment, Disability and Handicap* and the *Economics of Personal Injury*.

When he was appointed in 1967 Nottingham was in the unusual position of having two separate departments: one of Economics and one of Industrial Economics. In the face of considerable resistance he staunchly defended the necessity to maintain Industrial Economics as an independent unit. The value of his position was proved some years later after his retirement as it enabled the founding of the highly successful Nottingham University Business School.

Although he could be a hard task-master he was held in enormous respect by his colleagues. It is remarkable how many of his protégés, whether research students or young members of staff, have progressed to distinguished careers in academia and elsewhere. He retired from his post at the University of Nottingham in December 1982.

He married his wife Elizabeth in 1950 and remained devoted to her until her death in 1992. They had three children, David, Tessa and Alan. Sadly Tessa died in 2006. He was a great lover of cricket and a long time member of Notts County Cricket Club: his ticket for the first day of the 2008 Trent Bridge Test had already been purchased. He was very proud when Deryck Murray, the West Indian Test wicket-keeper, graduated from the Department as a mature student.

Brian Chiplin  
Professor Emeritus, University of Nottingham

## Maurice ('Mac') McManus

When I arrived at Birmingham University in 1972, 'Mac' was one of two great economists there in the wake of Hahn, Gorman and Alan Walters. The other was Terence Hutchison (1912-2007), whom Mac predeceased by exactly 2 months. Terence was for me merely a magisterial presence. It was Mac, Professor and Head of Mathematical Economics, 1965-1976 (after promotion to a Personal Chair in 1963), who enthused me and countless others to remain students of Economics forever. He was charismatic. Nanak Kakwani, lecturer at Birmingham in the 1960's, with whom Mac ended his own career at New South Wales, described Mac as 'extraordinarily brilliant'. Richard Baillie noted that Mac 'had a piercing type of intellect which [...] cut through the chaff and focus[ed] on the essence of a problem, which made him a very stimulating companion. [H]e must have been a truly great teacher.'

Mac was born in Birmingham in 1926 to Charles McManus, an engineer's mechanic, and Blanche Powell McManus (née Walter), a housewife. Like others of similar background, his upward mobility was boosted by passing the 11+. Mac went to George Dixon Grammar School for Boys, then a leading Birmingham school (attended nearly 30 years later, coincidentally, by this author). He left in July 1944 with a Higher School Certificate showing passes in Pure and Applied Mathematics, Physics, Chemistry and German. He graduated from Birmingham University in 1950 with a Bachelor of Commerce (BCom) Upper Second Class Honours and the G Henry Wright Prize for best BCom student.

Mac undertook PhD research at Birmingham from 1950-52 with a Graduate Student Scholarship, finishing his PhD ('Studies in the Theory of Rationing and General Equilibrium Analysis') in 1959 supervised by Hahn. He soon had to mix studying with gainful employment as he got married (to Ida) in March 1951. He took a series of short-term, part-time posts, starting with an evening lectureship, Birmingham College of Commerce, 1951-52. He then joined Leeds Economics Department as research assistant and tutor, 1952-55, combining this with part-time posts as Evening Lecturer at Leeds Technical College (1952-53) and the College of Commerce, Bradford (1953-55). At Leeds, he intersected with the great econometrician, J Dennis Sargan.

Mac headed for the US from Leeds in 1955, first (1955-1957) as instructor at MIT and then (1957-58) as lecturer at Minnesota. He was now rubbing shoulders with the likes of Samuelson, Solow, Arrow and Hurwicz and making his mark as an economic theorist. His PhD still uncompleted, he had 8 actual or forthcoming publications, including in *Metroeconomica*, *Southern Economic Journal*, and 2 in each of *Review of Economic Studies*, *Econometrica* (one with Arrow) and *Yorkshire Bulletin*, when he returned to the UK as lecturer at Aberystwyth in

1958. However, his loyalty was to Birmingham, where he was visiting lecturer in 1959-60 while still at Aberystwyth. He returned to Birmingham in 1960 for the major part of his career, first as lecturer, then, 1963-1976, as Personal Professor. Local folklore claimed that, having lost Hahn to Cambridge in 1960 and Gorman to Oxford in 1962, Birmingham promoted him quickly to avoid losing him too.

Mac contributed seminal to stability analysis (including a classic short 1958 *Econometrica* paper with Arrow), oligopoly theory, social choice and welfare economics. His best-known paper, 'On equilibrium, number and size in Cournot oligopoly,' in the obscure *Yorkshire Bulletin* in 1964, testifies to his ingenuity. Previous proofs of the existence of Cournot equilibrium rely on a special assumption (quasi-concavity of firms' profit functions) that implies reaction functions are continuous. This allows use of standard 'fixed point theorems' to prove existence. But quasi-concavity and, thereby, continuity of reaction functions, is obviously violated in realistic scenarios. Mac showed that, if the nonconcavity derives from the demand function and firms are identical, then the discontinuity in reaction functions still allows equilibrium to exist. He had wry satisfaction from his results being rediscovered and published over a decade later in the field-leading *Journal of Economic Theory* by Roberts and Sonnenschein, two top theorists of the next generation. They subsequently wrote to the *Journal* to acknowledge his priority.

Social choice theory dominated Mac's later professional life. His last major publication, 'Some properties of topological social choice functions,' was fittingly in *REconStuds* (on which Editorial Board he served, 1959-1965) in 1982. His interest in social choice was first stimulated by visiting the US in the 1950's and contact with Arrow, but his ideas only came to fruition from the early to mid-1970's. Nick Baigent writes, 'Mac's papers in social choice theory typify the fearlessness with which he confronted notoriously challenging problems. The ubiquitous assumption of given preferences was thoroughly transcended in his paper on "intertaste consistency". Furthermore, he published an early paper in which continuity is recognized as a property of aggregation with important implications. Interest in continuous social choice eventually led to the distinct area of topological social choice. Unlike other contributors, he extensively related the implications of continuity to previous concerns in social choice theory. Indeed, there is nothing like section 6 of Mac's 1982 *REconStuds* paper in topological social choice theory in particular and little that is like it anywhere in social choice theory. But what is remarkable is that Mac was one of the first in an area that many, but of course not Mac, found very intimidating. I count myself lucky that he was the first to teach me social choice theory.'

If greatness is measured merely by number of publications, then, arguably, Mac did not fulfil his early promise.

Paradoxically, this is perhaps because he came to realise there was more to life than economics. By the mid-1960's he was already known as 'a famous party animal.' Norman Ireland says 'life was never dull around him.' Divorced from Ida in 1971, his swinging 60's were not succeeded by a sober-suited 70's. His love of partying inspired many wonderful anecdotes. One, enshrined in ether space in the history of the Economics Department at Hawaii (<http://www.economics.hawaii.edu/history/modern-2.html>), recalls that 'the unforgettable Maurice McManus [...] liked Hawaii so much that he stayed on far past his appointment. Maurice finally left Honolulu after the Department gave several farewell parties for him.'

Mac's greatness is perhaps best measured by his greatest legacy: the legion of students that his pedagogic brilliance inspired to pick up the economics baton professionally. His effectiveness as a teacher was legendary. Andrew Chesher recalls 'Mac arrived for his Birmingham undergraduate Mathematical Economics lectures with a cardboard box from which he pulled exercises originally set for his graduate students at Stanford. They were brilliant exercises, elegantly posed and easy to answer only if you thought like an economist — as was Mac's aim for all of us. His lectures were magical and won me over to Economics totally. He would pace the room, a ball of energy, hurling questions around — I recall a discussion of units of measurement: 'X is a hundred Y. Which is pence? Which is pounds?' — infuriated when there was no, or worse, the wrong answer, banging our desks, sending pencil boxes crashing to the floor, relieving the tension by suddenly grabbing the beams supporting the ceiling in our 1960's Strathcona lecture theatre and performing 20 chin-ups while we struggled to answer a particularly knotty question. Of the 6 or 7 students on the tiny Mathematics, Economics and Statistics degree that graduated in 1970, 3 of us ended up in economics chairs, set on that course by the passion for economics that Mac planted in us.' Likewise, Nick Baigent remembers, 'Mac's weekly commute from Birmingham to UCL to teach in 1968-9 always provided the highlight of my week. His teaching was electrifying and often terrifying. If you were taught by Mac, you stayed taught.'

Mac went to a Chair at the University of New South Wales in 1977, joining luminaries like Murray Kemp and Kakwani, but maintained a two-continent existence until the last few years of his life, when arthritis and infirmity after a stroke gradually overtook him. When he retired from NSW in 1987, his life was far from done. Alongside extended trips to England and work on his family tree, he revisited many old haunts, such as Hawaii. He had remarried in January 1986 and opened a new chapter, including producing a second daughter. Former colleague Alessandro Cigno recounts how Mac met his second wife, Anna: 'Mac had a long correspondence (lasting, if I remember rightly, several years) with her before they actually met. Mac told me that he had sent several letters

...cont. on p 21

## ESRC MMF Workshop on Experimental Finance

Friday July 4th, 2008

Hosted by Aston Centre for Research in Experimental Finance in the Nelson Building, Aston Business School, Aston University, Birmingham, B4 7ET, UK.

The workshop begins at 12.45 and consists of four presentations and discussions. Presenters and discussants include:

Brian Kluger, University of Cincinnati  
Andreas Krause Bath University  
Mark McBride, Miami University, Ohio  
Patricia Chelley-Steeley, Aston Business School

Richard Fairchild Bath University  
William Forbes, Loughborough University  
James M Steeley, Aston Business School

*Further information:* [mmf@essex.ac.uk](mailto:mmf@essex.ac.uk)

To indicate attendance please email [s.f.awan@aston.ac.uk](mailto:s.f.awan@aston.ac.uk)

## Summer School in Public Economics

Evaluation of the Effectiveness and Efficiency of Public Policies

Barcelona, June 25- July 3, 2008

The Barcelona Institute of Economics (IEB) is pleased to announce its I Summer School in Public Economics, entitled 'Evaluation of the effectiveness and efficiency of public policies', which will consist of two courses: one on 'Evaluation of Public Policies' and another one on 'Efficiency Analysis in the Public Sector'. The objective of each course is to offer an intensive training programme for PhD students on Public Economics and to provide young scholars with the opportunity to discuss their own ongoing applied research in public organizations with leading researchers in the field in a relaxed and open atmosphere. To accomplish this purpose, the students will have the opportunity to present their applied research work at sessions attended both by the invited lecturers and by IEB researchers.

### Evaluation of Public Policies (25-28 June)

*Lecturers:* Jeffrey Smith (University of Michigan),  
Michael Lechner (Universität St. Gallen)

Topics:

- Social experiments
- Matching
- Instrumental variables
- Panel data
- Regression discontinuity

### Efficiency analysis in the Public Sector (30 June-3 July)

*Lecturers:* Tim Coelli (University of Queensland),  
Andrew Street (The University of York)

Topics:

- Production technology
- Stochastic frontier analysis
- Mathematical programming approaches (DEA)
- Productivity measures

The two classes will run in the mornings and workshop sessions, including students' presentations, will take place in the afternoon. The School is intended for PhD students from all over the world and young researchers who finished the dissertation no longer than 3 years ago.

### Application procedure

Send a CV and a one-page description of the topic of your PhD dissertation to [ieb@ub.edu](mailto:ieb@ub.edu). If you intend to present a paper, send also an extended abstract or preferably the paper. Only PDF files will be considered. A letter of support from your PhD supervisor must be sent by post mail (see address below). Application for one course does not entail application for the other. If you are interested in taking both courses, two independent applications should be submitted.

### Fees and expenses

There is a registration fee of 400€ per course, which includes documentation and working lunches. Further information (application form, schedule, reading list and programme) will be available soon at: [www.ieb.ub.edu](http://www.ieb.ub.edu)

### Scholarship

Students presenting a paper can apply for a scholarship that covers the course fee and the accommodation.

- **Deadline for the application: April 14, 2008**
- **Deadline for acceptance of the application: May 3, 2008**

Institut d'Economia de Barcelona (IEB), Universitat de Barcelona, Facultat de Ciències Econòmiques i Empresariales, c/ Tinent Coronel Valenzuela, 1-11 - 08034 Barcelona (Spain)

## MICROCON Summer School 2008

### Advanced Methods for Research in Conflict Affected Countries

This course will provide training in innovative multi-disciplinary methods in conflict research. It is being organised with Yale University's Program on **Order, Conflict and Violence** as part of the 2008 Olympia Summer Seminars. It will provide training on topics including quantitative and qualitative methods, field practices and research ethics.

MICROCON ([www.microconflict.eu](http://www.microconflict.eu)) is a research program funded by the European Commission, which aims to create the foundations for a new research and policy agenda for the study of the full conflict cycle at the micro level.

For more information and details on how to apply visit:  
<http://www.uom.gr/olympia>.  
Contact: [olympia@uom.gr](mailto:olympia@uom.gr)

**Closing date: 2nd May 2008**

## More from the *...cont from p.10* Economics Network

### 2008 Learning and Teaching in Economics Awards

The Economics Network is pleased to invite nominations from the economics community for our annual learning and teaching awards. The national awards are open to UK-based academics that have demonstrated excellent commitment, enthusiasm and effectiveness in their teaching practices.

There are three categories this year:

- The Outstanding Teaching Award is given in recognition of exemplary teaching practice that encourages understanding of and inspire interest in economics.
- The Student nominated award is for UK-based academics
- The eLearning Award is given in recognition of innovative good practice in the use of eLearning to enhance economics teaching and to provide a stimulating and effective learning experience for economics students.

The deadline for nominations is **Friday 6 June 2008**.  
Each winner will receive £250.

Additional information, including submission guidelines and online nomination forms are available at:  
[www.economicsnetwork.ac.uk/awards/](http://www.economicsnetwork.ac.uk/awards/)

## 'Mac' McManus

*...cont. from p 19*

to a colleague at some African university (or other institution). These stayed unopened for a long time as the intended recipient had left. Eventually, a young secretary opened them and, charmed by Mac's eloquent prose, she started to write back. The rest is history.'

Mac was physically small but much larger than life. He prided himself on being physically as well as mentally fit and played badminton, squash and tennis ferociously. Kakwani recalls, 'I played Mac at badminton and tennis. Though much younger, I could never win. He was a perfectionist in everything. This is also evident from his publications. He would publish papers only when totally satisfied about their quality.'

Mac was a great man. His life showed that Economics, far from being a dismal science, was actually great fun. He was someone of whom it could truly be said that, instead of having his friends mourn his passing, he would far rather they had a party to celebrate his life. He was a very serious astronomer who deserves his place among the stars. He is survived by his wife Anna, their daughter Amanda, and his daughter Melody from his first marriage.

*Clive D Fraser*

*University of Leicester*

— with contributions from Anna McManus, Nick Baigent, Andrew Chesher and Bill Schworm.

## Money, macro, finance research group

### Annual conference

Wednesday 10 - Friday 12 September 2008  
Birkbeck College, University of London

The annual conference will be held at Birkbeck College in central London. The Keynote Speakers will include:

**Michael B Devereux (University of British Columbia)**  
**George Evans (University of Oregon)**

Programme chair and local organiser: John Driffill (Birkbeck)

The MMF 2008 Programme Committee invites submissions of papers from academic, government, and business economists in any area of Monetary, Macro and Financial Economics.

Conference web site: <http://www.worldeconomyandfinance.org/mmf2008.html>

Contact the local organisers: [tbyne@ems.bbk.ac.uk](mailto:tbyne@ems.bbk.ac.uk)

# RES News

## items

### RES Annual Conference, 2009

#### CALL FOR PAPERS

The 2009 Annual Conference of the Royal Economic Society will be held at the University of Surrey from

**Monday 20 to Wednesday 22 April 2009**

The Programme Committee invites submissions of papers for General Sessions from academic, government and business economists in any field of economics and econometrics. Submissions can be made electronically from the end of July 2008 at <http://editorialexpress.com/conference/res2009>

The deadline for submission will be **17th October, 2008**. Notification of acceptance will be sent by mid-December 2008. Online Registration will be open from January 2009.

Proposals for Special Sessions are also invited. A Special Session on any particular theme would typically bring together 3 papers plus discussants. Special Session proposals should consist of a one page document: further submission details will be published on the conference web-site, the URL for which is given below.

Authors of papers accepted for presentation at the RES Conference will be entitled to submit their papers for consideration for publication in the Conference Volume of the *Economic Journal*. Details of the submission process will be made available on the Conference website.

#### Other Information

Further details on the call for papers, registration, accommodation and other matters — including information on financial support for postgraduate students attending Conference — will be made available via the link to the RES Annual Conference website at: <http://www.res.org.uk/society/annualconf.asp>

### Changing your address?

*Newsletters* and the *Economic Journal* continue to be returned by the postal authorities marked 'Gone away', 'not known at this address' etc. If you are going to change your address shortly, please remember to advise the Society.

The information should be sent to the Membership Secretary, Katherine Crocker, Department of Economics and Related Studies, University of York, Heslington, York YO1 5DD. E-mail: [kc6@york.ac.uk](mailto:kc6@york.ac.uk)

### 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. E-mail: [eburke@london.edu](mailto:eburke@london.edu) or via the Society's home page on the internet ([www.res.org.uk](http://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.

## One -year junior fellowship scheme — Academic year 2008/09

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. Those who have already completed their doctorate may also be considered.

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

**2 May 2008**

Students interested in the fellowships should apply via their Head of Department. Full details including application forms may be downloaded from:

[http://www.res.org.uk/society/grants\\_fellowships.asp](http://www.res.org.uk/society/grants_fellowships.asp)

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

## 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**  
**30 September**

each year in respect of conferences which take place in the ensuing four months.

Please note that the awards under the conference grant scheme are highly competitive, and selection will be based on the following criteria. These criteria should be addressed by the Head of Department in his/her supporting statement on the application form:

- Preference will be given to applicants who are new entrants to the profession.
- Preference will be given for attendance at high-impact international conferences.
- Preference will be given to applicants whose attendance cannot ordinarily be funded from other sources, such as existing research grants.

Please note that no awards will be made to any applicant who has received an RES grant (under the Conference Grant or Support for Small Academic Expenses schemes) in the 3 previous years.

Application forms and further particulars may be obtained from either:

[http://www.res.org.uk/society/grants\\_fellowships.asp](http://www.res.org.uk/society/grants_fellowships.asp) or

Professor Anton Muscatelli, Principal and Vice-Chancellor, Heriot-Watt University, Edinburgh, EH14 4AS.

Fax: + 44 (0) 131 451 3330

E-mail: [j.stewart@hw.ac.uk](mailto:j.stewart@hw.ac.uk)

## Support for small academic expenses

The Society is able to offer financial support to members who require small sums for unexpected expenditures. The type of expenditures which could qualify for support under this scheme include 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.

Please note that the awards under the conference grant scheme are highly competitive, and selection will be based on the following criteria. These criteria should be addressed in the letter of application:

- Preference will be given for initiatives which are for the benefit of new entrants to the profession.
- Preference will be given to initiatives which cannot ordinarily be funded from other sources, such as existing research grants.

Please note that no awards will be made to any applicant who has received an RES grant (under the Conference Grant or Support for Small Academic Expenses schemes) in the 3 previous years. The closing dates for applications are:

**31 January**  
**31 May**  
**30 September**

each year and applications will only be considered at these times.

Applications, in the form of a letter and stating the purpose for which a small grant (maximum £600) is required, should be sent to:

Professor Anton Muscatelli, Principal and Vice-Chancellor, Heriot-Watt University, Edinburgh, EH14 4AS.

Fax: + 44 (0) 131 451 3330

E-mail: [j.stewart@hw.ac.uk](mailto:j.stewart@hw.ac.uk)

New edition -

palgrave  
macmillan

## *The General Theory of Employment, Interest and Money*

by John Maynard Keynes

In 1936 Keynes published the most provocative book written by any economist of his generation. The General Theory, as it is known to all economists, cut through all the Gordian Knots of pre-Keynesian discussion of the trade cycle and propounded a new approach to the determination of the level of economic activity, the problems of employment and unemployment, the causes of inflation and the strategies of budgetary policy.

Keynes's revolutionary work has had an immense impact on economic thought. It caused the rewriting of the classical model of economics and has strongly influenced government policies. Whilst responding to the depression in the 1930s and the crisis of large-scale unemployment, his work is a monument to his intellectual ability and continues to be highly relevant today.

Regarded as one of the classic texts in the economics canon, this highly controversial work has stirred immense debate from its first appearance up to the present day. Despite all that has been written in the subsequent years, Keynes and his book still represent the turning-point between the old economics and the new from which each generation of economists needs to take its inspiration and its point of departure towards fresh attempts to carry his work further.

This new edition reproduces the original version of *The General Theory* and features a new introduction by Paul Krugman, Professor of Economics at MIT and columnist for the New York Times. He discusses the significance and continued relevance of *The General Theory*, examines why it has stirred such debate and questions whether everyone is now unknowingly a Keynesian. He also explores criticisms of Keynes's work, such as why he may have failed to predict the persistent inflation of the modern era and whether Keynes's theories are equally relevant today.

Macmillan publish *The General Theory of Employment, Interest and Money* on behalf of the Royal Economic Society.

The new edition was published in October 2007  
ISBN: 978-0-230-476-4

For more information on this title, please visit  
[www.palgrave.com/economics](http://www.palgrave.com/economics)

# Conference Diary

2008

april

21-23 April

Scotland

Annual conference of the **Scottish Economic Society** to be held at the Ramada Hotel, Perth.

Further information from: [www.scotecsoc.org](http://www.scotecsoc.org)

24-25 April

Rostock, Germany

Third annual European workshop on **Labour Markets and Demographic Change** to be held at the University of Rostock.

Further information from:

<http://user.demogr.mpg.de/kuhn/Files/call%20for%20papers.pdf>

30 April – 1 May

Ontario, Canada

Conference on **The implications of integration for globalization** to be held at Wilfrid Laurier University, Waterloo, Ontario. The organizers invite the submission of abstracts of completed papers on any area of the economics of integration, especially European integration, that have implications for globalization.

Further information from: David Mayes at [d.mayes@auckland.ac.nz](mailto:d.mayes@auckland.ac.nz)

may

20-22 May

Warwick

Annual Public Economics UK (PEUK) **Public Economics** weekend to be held at the University of Warwick.

Further information from: [www.ifs.org.uk/peuk](http://www.ifs.org.uk/peuk)

21-24 May *Lisbon, Portugal*

*Eighteenth international conference* of the **International Trade and Finance Association**.

*Further information from:* [www.ohio.edu/itfa/](http://www.ohio.edu/itfa/)

28 May *Münster, Germany*

*Workshop* on **The first decade of European Monetary Union** to be held at the University of Münster.

*Further information from:* Pierre L. Siklos at [psiklos@wlu.ca](mailto:psiklos@wlu.ca).

29-30 May *Frankfurt, Germany*

*Conference* on **Asset Management and International Capital Markets**.

*Further information from:*  
[www.ifk-cfs.de/index.php?id=9&tx\\_ttnews](http://www.ifk-cfs.de/index.php?id=9&tx_ttnews)

29-31 May *Rethymno, Greece*

*Twelfth international conference* on **Macroeconomic Analysis and International Finance**.

*Further information from:* [www.soc.uoc.gr/macro/](http://www.soc.uoc.gr/macro/)

## june

5 June *Oxford*

*Workshop* on **Financial markets, institutions, and asset prices during the first era of globalization** to be held at St. Anthony's College, Oxford.

*Further information from:*  
[www.wiwi.uni-muenster.de/me/aktuelles/index.html](http://www.wiwi.uni-muenster.de/me/aktuelles/index.html)

9-10 June *Liverpool*

CALL FOR PAPERS

*Conference* on **The Changing Role of Agency in the Development Process** to be held at the University of Liverpool. The conference will focus on the role of agency (includes individual, group and institutional

agency) in the development process. It will also feature two special debates on War and Development and Aid Effectiveness and a special session on the development process in India. Submissions of abstracts of papers that explore the changing role of agency and the implications this has for development are invited. Proposals can be sent to [agency@liv.ac.uk](mailto:agency@liv.ac.uk)

*Further information from:* Supriya Garikipati at [S.Garikipati@liv.ac.uk](mailto:S.Garikipati@liv.ac.uk) or [www.liv.ac.uk/agencyconference](http://www.liv.ac.uk/agencyconference)

11-12 June *Bristol*

*Conference* on **Public Organisation** to be held at the University of Bristol. Speakers include: Tim Besley (LSE and Bank of England), Steve Durlauf (University of Wisconsin), Marty Gaynor (Heinz School, Carnegie Mellon University).

*Further information from:* [evie.norman@bristol.ac.uk](mailto:evie.norman@bristol.ac.uk) or [www.bris.ac.uk/CMPO](http://www.bris.ac.uk/CMPO)

20-21 June *Nottingham*

*Conference* on **Offshoring** organized by the Globalisation and Economic Policy (GEP) Centre to be held at the University of Nottingham. The Conference will begin on 19 June with the World Economy Annual Lecture presented by Professor Elhanan Helpman. Conference speakers will include: Alan Blinder (Princeton), Peter Egger (Munich), Joseph Francois (Vienna Institute for International Studies), Elhanan Helpman (Harvard), Catherine Morrison Paul (California) and Eiichi Toimura (Yokohama National University).

*Further information from:*  
Sue Berry ([sue.berry@nottingham.ac.uk](mailto:sue.berry@nottingham.ac.uk)).

12-15 June *Ontario, Canada*

*Second conference* on **Small Open Economies in Globalized World (SOEGW)**. The Goal is to promote cooperation between European and North American economics. The conference will focus on international trade in goods and services, international finance and international monetary and fiscal policies. Speakers include: Michael Devereux, (University of British Columbia), Peter Howitt (Brown University), David Laidler (University of Western Ontario), David Longworth (Bank of Canada) and Arnold Zellner (University of Chicago).

*Further information from:* [www.soegw.org](http://www.soegw.org)

25-29 June

Istanbul, Turkey

*Fifteenth annual IEA World Congress.* The central topic will be the Challenge of Globalisation.

*Further information from:* [www.iadb.org/res.iea.cfm](http://www.iadb.org/res.iea.cfm)

## july

4 July

Birmingham

*Workshop on Experimental Finance* hosted by the ESRC's Money, Macro Finance Research Group.

*Further information:* [mmf@essex.ac.uk](mailto:mmf@essex.ac.uk)

4-5 July

Cambridge

*Annual conference of the Association of Christian Economists UK (ACE)* will be held at Sidney Sussex College, Cambridge.

*Further information from:*  
[www.christian-economists.org.uk/](http://www.christian-economists.org.uk/)

4-6 July

Cambridge

*Tenth annual conference of the Association of Heterodox Economics (AHE)* to be held at Anglia Ruskin University.

*Further information from:*  
Ioana Negru ([i.negru@anglia.ac.uk](mailto:i.negru@anglia.ac.uk)) or  
[www.hetec.con.com](http://www.hetec.con.com).

9-11 July

Wellington, New Zealand

*Forty-ninth annual conference of the New Zealand Association of Economists.*

*Further information from:* <http://www.nzae.org.nz/>

14-16 July

Sheffield

*Annual conference of the Work, Pensions and Labour Economics Study Group (WPEG)* to be held at the University of Sheffield. Keynote speakers include:

Professor Paul Gregg (Bristol, CMPO), Professor Steve Nickell (Oxford) and Professor Julia Lane (NORC, Chicago).

*Further information from:*  
<http://wpeg.group.shef.ac.uk/callforpapers.htm>

5-6 September

Athens, Greece

CALL FOR PAPERS

*Third symposium of the European Association of Evolutionary Political Economy on Markets as Institutions: History and Theory.* The purpose is to explore new directions in historical and theoretical research on the institutional properties of markets. Submissions should be sent to Professor Ioanna Minoglou ([iminoglou@aueb.gr](mailto:iminoglou@aueb.gr)).

*Further information from:* [www.de.aueb.gr](http://www.de.aueb.gr)

10-12 September

London

CALL FOR PAPERS

*Annual conference of the Money, Macro Finance Research Group*, will be held at Birkbeck College, London. The first deadline for submissions is **21 April 2008**.

*Further information from:*  
[www.worldeconomyandfinance.org/mmf2008.html](http://www.worldeconomyandfinance.org/mmf2008.html)  
also, see p.21.

17-18 September

London

CALL FOR PAPERS

*Fifth annual 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 **31 May 2008** to Giovanni Urga ([g.urga@city.ac.uk](mailto:g.urga@city.ac.uk)).

*Further information from:* Giovanni Urga at the above e-mail address or  
[www.cass.city.ac.uk/conferences/oxmetrics2008/index.html](http://www.cass.city.ac.uk/conferences/oxmetrics2008/index.html)

*18-20 September Amsterdam, The Netherlands*

*Twentieth annual conference of the **European Association of Labour Economists (EALE)** to be held at the University of Amsterdam. The aim of the conference is to facilitate the exchange of research ideas and results across a range of fields in Labour Economics.*

*Further information from:*  
[www.eale.nl/Conference2008/Call%20for%20Papers.htm](http://www.eale.nl/Conference2008/Call%20for%20Papers.htm)

*19-21 September Evora, Portugal*

CALL FOR PAPERS

*Tenth annual conference of **INFER**. The conference is open to any field of research in economics. Researchers, especially young researchers, are invited to submit theoretical and applied papers across all areas of economics. Young researchers are also encouraged to apply for the young economist award of INFER. Researchers are encouraged to submit their own sessions. Deadline: **9 May 2008**.*

*Further information from:* <http://www.infer-research.net>

## october

*17-19 October Cluj-Napoca, Romania*

CALL FOR PAPERS

*Eight workshop organized by INFER on **International Economics**. The workshop provides an opportunity for economists interested to exchange ideas, to create links in research and to meet fellows in related subject. Researchers are invited to submit theoretical and applied papers broadly consistent with the workshop's special topic Globalization, Integration and transition. Researchers are also encouraged to organize their own sessions. Deadline: **1 June 2008**.*

*Further information from:* [www.infer-research.net](http://www.infer-research.net)

## november

*7-9 November Florence, Italy*

CALL FOR PAPERS

*Annual meetings of **ASSET** to be held at the European University Institute. Papers in all areas of economics are welcome and should be submitted (electronically) by **27 May 2008**.*

*Further information from:* [www.eui.eu/ECO/Asset2008/](http://www.eui.eu/ECO/Asset2008/)

## december

*5-6 December London*

*First annual Chicago/London conference on Financial Markets to be held at Cass Business School. The conference aims to stimulate an ongoing dialogue among academics, practitioners, and policymakers with mutual interests in financial markets. The theme of the conference will be: What Went Wrong?: Financial Engineering, Financial Econometrics, and the Current Stress.*

*Further information from:* Giovanni Urga at [g.urga@city.ac.uk](mailto:g.urga@city.ac.uk) and [www.cass.city.ac.uk/conferences/Chicago\\_London/index.html](http://www.cass.city.ac.uk/conferences/Chicago_London/index.html).

## 2009

### january

*14-15 January Vallendar, Germany*

CALL FOR PAPERS

*Annual research conference on **Finance** to be held at the WHU. Academics and practitioners are invited to submit papers (in English) by **15 August 2008** on all areas of finance.*

*Further information from:* [www.campus-for-inance.com/index.php?id=685](http://www.campus-for-inance.com/index.php?id=685)

### april

*20 – 22 April Surrey*

CALL FOR PAPERS

*Annual conference of the **Royal Economic Society** to be held at the University of Surrey.*

*Further information from:* see page 22.

# Membership of the Royal Economic Society

*Membership is open to anyone with an active 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 2007 are £48 (\$77, €68)\*

There is a reduced rate of £24 (\$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 2007.

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Ordinary UK member: £48 + £3.36VAT = £51.36  
Ordinary EU member: €68 + €4.76 = €72.76  
Ordinary Canadian member \$77 + \$3.85 = \$80.85  
Reduced rate members: \$39/€36/£24.00 + 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

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Occupation.....

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