



NEWSLETTER

No. 124

January 2004

The role of the editor

It's exactly a year since the *Newsletter* put an end to its most recent discussion of the editorial and refereeing process. It did so, however, with the pretty safe promise that the issue would be revisited. And here it is. The catalyst this time was Pranab Bardhan's article in the features section of *The Economic Journal* (June 2003) claiming that it is getting more difficult for specialists to publish in general, as opposed to field, journals, with implications for promotion, tenure etc. On pages 13 and 14, Mike Wickens, Managing Editor of the *EJ*, admits this may be so but goes on to explain the many pressures to which editors are subject and sheds very interesting light on what guides the editorial team at *The Economic Journal*. Closely related to this we have the Annual Report of those editors showing that some progress is being made in raising the international standing of the journal, as well as providing a wealth of factual detail about the management of the journals affairs.

As usual, Alan Kirman contributes his entertaining view of developments in France, in particular the struggles of the government to comply with the borrowing limits set by the EMU. For those of us who always suspected that such important thresholds as the borrowing and debt ratios had probably been chosen in a rather arbitrary way there is the remarkable revelation that the only reason that the former was not set at 3.473 per cent, is that it was not an integer!

In addition we have some lively correspondence on the fairness or otherwise of President Bush's recent tax cuts; an appreciation of the work of this year's winners of the Nobel Prize in Economic Sciences and a rather disturbing report from the Society's Committee on Women in the Economics Profession which suggests that the slow advance of women into employment in university economics in Britain, which has been charted in RES Biennial Surveys since 1996, has gone into reverse. We must hope that this is temporary.

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Next issue

Newsletter No. 125 - April 2004

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

10 March 2004

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

12 March 2004

Contributions from readers

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

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

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The Economic Journal

Managing Editors' Report

The Managing Editors made their Annual Report to the Council of the Royal Economic Society in November 2003. The report was presented on behalf of the editors by Mike Wickens.

THIS IS THE SEVENTH annual report of the current Managing Editors to Council. The main developments in the last year relate to electronic editing and distribution. There have been no significant changes of personnel. Like last year, we have concentrated on maintaining and consolidating the changes made earlier.

In June 2004, the current editorial team will have completed eight years, having been re-appointed for a second 4-year term in 2000. A new team of editors will take over in July 2004 with Andrew Scott as the Co-ordinating Managing Editor.

Electronic developments

1. The new web site

After a lengthy period of development work by Blackwells, the RES, *The Economic Journal* and the *Journal of Econometrics*, with the advice of Marius Ooms, have launched a new web site. The aim of the new site is to provide RES members with more information and to allow better access to RES journals.

The Economic Journal site contains a pre-print version of forthcoming papers prior to their paper copy being available for the eventual printed version in the *Journal*. Unpublished appendices for papers and data sets are now published on the web, together with Book Notes. The latter fulfils a commitment made at the time of the re-organization of the *Journal* when Book Notes were not included in Features. The web-site also contains information on, for example, how to submit papers, on forthcoming papers, on recently published papers and on how to down-load papers. All of this is just the next step in electronic publishing. The web address for *The Economic Journal* is

<http://www.res.org.uk/economic/economichome.asp>

Access beyond this point is available only to RES members and requires a password. This can be obtained by registering.

2. The Economic Journal on CD ROM

In response to requests by a few members, from 2003, *The Economic Journal* will be available at the end of each year to all members on CD ROM. The CD will contain all of that year's issues. A small additional charge is made to cover the cost. Unless members indicate otherwise, they will continue to receive a hard copy of the Journal as in the past. Membership fees are still based on receiving only the hard copy.

3. Electronic editing

Several journals are in the process of switching to electronic submissions and on-line editing. During the last year we have been investigating whether *The Economic Journal* should do so too. The RES has given financial support to Manfredi La Manna to develop an on-line editing system. This allows electronic submissions, and a full on-line editing facility including the distribution of papers to editors and referees, the receipt of reports and communications with authors. Although no decision has yet been taken, in our view such a system is feasible for *The Economic Journal* and could be put in place quickly and with no disruption.

Circulation

In a year when journal subscriptions and sales have generally been under pressure, *The Economic Journal* has largely bucked the trend and maintained its readership. The renewal rate in 2002 was 82 per cent compared with 80 per cent in 2001. Blackwell reports that compared with its other journals this is a high rate. In 2002, and prior to the launch of the new web-site, the number of accesses to *EJ* articles was 80,640, a huge number in the view of Blackwell.

Blackwell reports that although there is evidence of a continuing trend for libraries to rationalise collections and cut out duplicate subscriptions, renewal rates for 2003 are currently 94.4 per cent. In 2002 there were an additional 780 institutional subscriptions via consortia. Blackwell say that the fall reported in Table 1 was due to one of the main subscription agents being taken over causing a delay in library renewals.

It may be noted that the subscription price for *The Economic Journal*, which has been kept constant to members for the last few years will have to increase due to the imposition of VAT. It appears that this is because the RES makes use of electronic communications through the web-site which are VAT rated. The rate of tax is 5 per cent on all EU members. Members who opt to receive the *EJ* on CD ROM will pay 17.5 per cent VAT on the cost the CD. This seems a regrettable tax on technological improvements and knowledge.

The Economic Journal's ranking

The ranking of *The Economic Journal* is very different depending on the measures used. The ranking of *The Economic Journal* in the *Journal of Economic Literature*, June 2002, by

Table 1: Circulation

| Members | Total | UK | USA | non-UK Europe | Japan | Rest of World |
|--------------------------|-------|-------|-------|---------------|-------|---------------|
| Sept 95 | 3,327 | 1,509 | 660 | 694 | 78 | 386 |
| Sept 00 | 3,181 | 1,410 | 588 | 718 | 85 | 380 |
| Sept 01 | 3,073 | 1,370 | 543 | 715 | 83 | 362 |
| Sept 02 | 2,990 | 1,319 | 530 | 713 | 75 | 353 |
| Sept 03 | 3,006 | 1,273 | 566 | 730 | 77 | 360 |
| <i>Sales</i> | | | | | | |
| Sept 95 | 3,110 | 498 | 903 | 846 | 320 | 543 |
| Sept 00 | 2,771 | 254* | 802 | 772 | 392 | 551* |
| Sept 01 | 2,718 | 243 | 789 | 757 | 380 | 549 |
| Sept 02 | 2,652 | 234 | 758 | 735 | 355 | 570 |
| Sept 03 | 2,499 | 213 | 729 | 668 | 342 | 547 |
| <i>Total circulation</i> | | | | | | |
| Sept 95 | 6,437 | 2,007 | 1,563 | 1,540 | 398 | 929 |
| Sept 00 | 5,952 | 1,664 | 1,390 | 1,490 | 477 | 931 |
| Sept 01 | 5,791 | 1,613 | 1,332 | 1,472 | 463 | 911 |
| Sept 02 | 5,642 | 1,553 | 1,288 | 1,448 | 430 | 923 |
| Sept 03 | 5,563 | 1,526 | 1,301 | 1,409 | 419 | 908 |

* The agencies involved in world distribution to libraries have now been moved from UK figures to the Rest of the World

Pieters and Baumgartner is 6. This looks at citations in the 42 leading economics journals after deducting self-citations. The Journal ranks after the *AER*, *JPE*, *Econometrica*, *QJE* and *REStud*. The SSCI 'impact factor' ranking in 2002, which does not deduct self-citations, is 28, but the SSCI 'immediacy factor' ranking is 14.

The Economic Journal lecture

The *Economic Journal* lecture at the 2003 annual RES conference at Warwick was given by Steve Levitt (Chicago). Last year's lecture was given at very short notice by Marcus Miller (Warwick). This, together with the lecture due to have been given by Maury Obstfeld (Berkeley) — who had to withdraw at the last minute for family reasons — which is co-authored with Alan Taylor (University of California, Davis), was published in *The Economic Journal* of April 2003. Douglas Bernheim (Stanford) will give the 2004 lecture at Swansea. Ariel Rubinstein (Tel Aviv University) has agreed to give the lecture in 2005.

Royal Economic Society Prizes

The prize for the best article in *The Economic Journal* in 2000 which is worth £3000, was awarded to Richard Dickens for his article 'The Evolution of Individual Male Earnings in Great Britain: 1975-95' which appeared in the January 2000 issue. The prize for 2001 was awarded to Song Han and Casey B Mulligan for their paper 'Human capital, heterogeneity and estimated degrees of intergenerational mobility' which appeared in the May 2001 issue. For 2002 the prize has been awarded to Wilfred J Ethier for his paper 'Unilateralism in a Multilateral World' which appeared in the issue of April 2002. The prize committee consisted of John Beath, Steve Nickell and, on behalf of the editors, Mike Wickens.

The double-blind refereeing experiment

In September 2000 the *Journal* began an experiment to determine the merits of switching to double-blind refereeing in which half of all papers, selected at random, were refereed without the author's name being revealed. The experiment has

now ended and Steve Machin is in the process of analysing the results. We expect to report these in 2004.

Table 2: Geographical breakdown of submissions

| | 2002 | 2001 | 2000 |
|--------------|------|------|------|
| UK | 89 | 99 | 113 |
| USA | 121 | 124 | 130 |
| Canada | 20 | 16 | 15 |
| Belgium | 9 | 6 | 5 |
| France | 10 | 10 | 8 |
| Germany | 30 | 19 | 22 |
| Italy | 15 | 12 | 15 |
| Netherlands | 28 | 23 | 24 |
| Scandinavia | 27 | 20 | 27 |
| Spain | 18 | 7 | 11 |
| Australia/NZ | 16 | 12 | 13 |
| Hong Kong | 9 | 6 | 5 |
| India | 2 | 4 | 3 |
| Israel | 11 | 14 | 16 |
| Japan | 9 | 13 | 13 |
| Other | 36 | 47 | 43 |
| TOTAL | 446 | 432 | 461 |

Statistics

One of the aims of the Editors when we began seven years ago was to strengthen the international standing of *The Economic Journal*. The editorial statistics for 2002, the last complete year for which there are statistics, indicate a measure of success. In 2002, 446 articles were submitted compared with 432 in 2001, 461 in 2000 and 443 in 1999. Table 2 shows that 33 per cent of the total number of submissions were from Europe (excl. the UK). This is an increase of 5 percentage points over 2001 and implies that Europe has overtaken North America as the largest by geographical region for submissions. This is not due to a fall

Table 2: Subject breakdown of submissions

| | 2002 | 2001 | 2000 | 1999 |
|-------------------------------------|------|------|------|------|
| General Economics and Teaching | 7 | 6 | 10 | 4 |
| Methodology/History of Thought | 3 | 6 | 4 | 10 |
| Mathematical & Quantitative Methods | 18 | 25 | 23 | 21 |
| Microeconomics | 77 | 82 | 83 | 96 |
| Macro & Monetary Economics | 71 | 71 | 73 | 68 |
| International Economics | 36 | 42 | 48 | 44 |
| Financial Economics | 27 | 25 | 22 | 23 |
| Public Economics | 24 | 21 | 26 | 26 |
| Health, Education and Welfare | 19 | 15 | 17 | 9 |
| Labour & Demographic Economics | 71 | 50 | 78 | 58 |
| Law and Economics | 4 | 3 | 3 | 3 |
| Industrial Organisation | 23 | 33 | 29 | 25 |
| Business Economics | 1 | - | - | - |
| Economic History | 2 | 2 | - | 2 |
| Economic Development | 39 | 31 | 25 | 35 |
| Economic Systems | 4 | 2 | 6 | 4 |
| Agricultural/Natural Resources | 3 | 11 | 4 | 10 |
| Urban, Rural & Regional Economics | 14 | 7 | 8 | 5 |
| Other Topics | 4 | - | 2 | - |
| TOTAL | 446 | 432 | 461 | 443 |

in submissions from North America which have remained constant for a number of years at around 31 per cent. The increase in European submissions is, more or less, across the board, but those from Germany, Scandinavia and Spain have been particularly large. To some extent these changes are a reversal of previous trends. Perhaps they reflect an improvement in research quality in Europe that allows authors to aim more for top international journals like *The Economic Journal*. It also implies that *The Economic Journal* is establishing itself as a key player among European journals. The proportion of submissions from the rest of the world were more or less constant at 16 per cent, compared with 17 per cent in 2002. UK submissions were 20 per cent, compared with 23 per cent in 2001 and 25 per cent in 2000. This is the other side of the strengthening international position of the *Journal*.

Table 2 gives a subject breakdown. The proportions in different subject areas tend to fluctuate considerably from year to year which makes interpretation difficult. The main difference compared with 2002 is an increase in submissions in labour economics. This is a very good example of a subject that has widely fluctuating annual submissions. Although microeconomics continues to be the largest subject area, with 17 per cent of total submissions in 2002, this proportion has been falling in recent years; it compares with 19 per cent in 2001 and 22 per cent in 1999. Macro and monetary economics retains its second position with 16 per cent of submissions, the same as 2001. Whilst not reflected in these statistics, it is perhaps worth remarking that an increasing number of submissions are in the area of experimental economics. These tend to be categorized under microeconomics.

Table 3: Editorial processing

| | 2002 | 2001 | 2002 |
|--|-------|--------|----------|
| Editorial Processing after initial submission* | | | |
| Submissions received | 446 | 432 | 461 |
| Papers withdrawn | 2 | 5 | 4 |
| Dealt with by Managing Editors alone | 103 | 121 | 103 |
| Sent to a referee:** | 341 | 306 | 354 |
| Referee returned within: | | | |
| 1 month | 18% | 15% | 14% |
| 2 months | 25% | 35% | 33% |
| 3 months | 24% | 24% | 25% |
| 4 months | 16% | 15% | 12% |
| even longer | 7% | 11% | 15% |
| for an average of: | 9wks | 10 wks | 10.5 wks |
| Time distribution for all submissions (excluding withdrawn papers) | | | |
| less than 1 month | 3% | 9% | 12% |
| 1 - 2 months | 5% | 14% | 11% |
| 2 - 3 months | 14% | 10% | 7% |
| 3 - 4 months | 9% | 7% | 12% |
| 4 - 5 months | 11% | 9% | 13% |
| 5 - 6 months | 10% | 9% | 12% |
| even longer | 48% | 42% | 33% |
| for an average of: | 24wks | 21 wks | 19 wks |

* These figures do not include the Conference issue, Lectures or Obituaries. ** Since 1999 the figures are for receipt of referees' reports only. All previous figures are receipt of a response.

Editorial data for 2002 are given in Table 3. For comparison, the figures for 2001 are in parentheses. Of the 446 (432) submissions in 2002, 23 per cent (28 per cent) were rejected without being sent to referees. After the first round of refereeing 54 per cent (48 per cent) were rejected. 13 per cent (13 per cent) were invited to revise and resubmit. 10 per cent (10 per cent) are still without a decision. The situation on 2002 submissions on 12 September 2003 is 7 (3) papers have been accepted for publication, 77 per cent (76 per cent) were rejected, 9 per cent (9 per cent) are with authors being revised or with referees again after revision, 6 per cent (7 per cent) await an editorial decision, 6 per cent (6 per cent) still await a first decision, and 12 per cent (12 per cent) are in the process of revision.

Table 4: Speed of reply

| | Letters sent to authors inviting revision: | | Letters sent to authors rejecting papers: | |
|-----------------|--|------|---|------|
| | 2002 | 2001 | 2001 | 2002 |
| Within 1 month | 0 | 1 | 15 | 39 |
| Within 2 months | 0 | 7 | 21 | 61 |
| Within 3 months | 0 | 2 | 60 | 41 |
| Within 4 months | 2 | 9 | 38 | 26 |
| Within 5 months | 10 | 3 | 37 | 36 |
| Within 6 months | 5 | 3 | 41 | 35 |
| Within 7 months | 6 | 3 | 36 | 25 |
| Within 8 months | 11 | 2 | 31 | 23 |
| Even longer | 22 | 26 | 66 | 42 |
| TOTAL | 56 | 56 | 345 | 328 |

879 (733) requests were made for referees' reports in 2002 (2001) of which 81 per cent (77 per cent) were provided in time to be of use in the editorial decision. The average time for referees to send their first report was 9 (10) weeks. 83 per cent (89 per cent) of referees' reports were received within 4 months.

Table 4 reports data on the time taken to send a letter rejecting or inviting a revision. Of the 56 (56) papers for which a revision has been invited, 17 (25) were made within six months and 34 (30) within eight months. The corresponding figures for sending a rejection letter were 80 per cent (73 per cent) rejections in total, of which 61 per cent (73 per cent) were within six months and 81 per cent (87 per cent) within eight months. Taking a decision to reject is quicker because it can often be made after just one referee's report. An offer to revise is nearly always based on more than one report. It also needs more detailed editorial scrutiny, including a letter of advice to authors.

A total of £9083 (£8021) was paid in fees to referees in 2002 (2001). Figure 1a shows the breakdown of what form the payment took: whether it was taken as cash 59 per cent (64 per cent), as an RES voucher 11 per cent (9 per cent), or paid to charities 30 per cent (27 per cent). Figure 1b shows which charities were the recipients. As usual Amnesty International was the largest 26 per cent (37 per cent). This was followed by Save the Children 24 per cent and OXFAM 20 per cent.

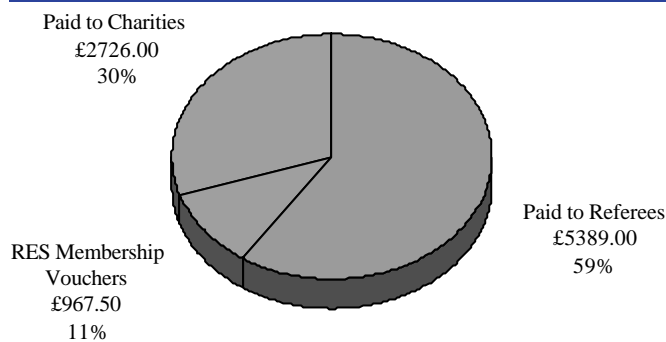


Fig. 1a: Payment of referees' fees

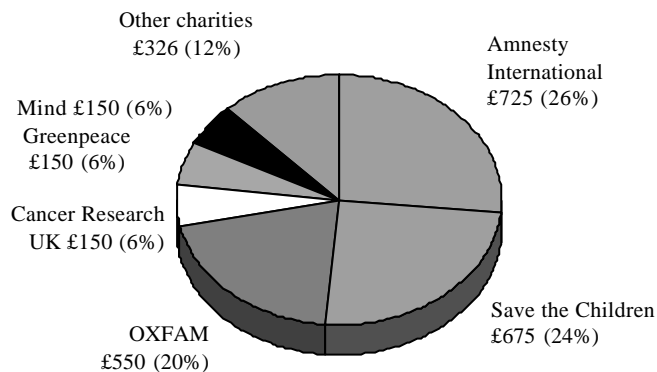


Fig. 1b: Payment of referees' fees to charities

Reports from section editors

Reviews - Jayasri Dutta

I have just finished my third year as Review Editor.

Starting in October 2000, I have attempted to implement a slightly different policy for book reviews for the *EJ*, following discussions at Editorial board meetings. This policy was to have fewer reviews of books of higher research quality in areas of active and mainstream research in economics, reviewed by top-flight researchers in those areas. In addition, I have commissioned several review articles surveying current research in some fields. One of the consequences has been a far lower response rate from reviewers. The current volume contains 57 reviews (including joint reviews) as well as three review articles. This is somewhat lower than expected; I hope to raise the number to about 25 reviews per issue.

There have been three review articles received this year; Sara Horrell's review article was published in issue 485, February 2003; Matthew Cole's was published in issue 488, June 2003; and Toke Aidt's review article was published in November 2003. The review article by Vines on Skidelsky was also published in issue 488, June 2003. One review article is awaiting refereeing and further ones are expected.

The response rate from reviewers has been particularly disappointing with respect to 'Notes' published on the RES web page. More than one reviewer declined on the grounds that Notes on the web are less visible than those published in the *Journal*. There have been 16 Notes published.

Features - Steve Machin

This brief report summarises the current state of play with the Features part of *The Economic Journal*. Firstly, it presents what is forthcoming in the next issue, February 2004, and then gives a summary of symposia and stand alone articles that are currently being processed.

FEBRUARY 2004

Feature: Trade Liberalisation and Economic Performance in Developing Countries

'Introduction', A P Thirlwall and A Santos-Paulino

'Trade Liberalisation and Economic Performance: An Overview', L Alan Winter

'Trade, Growth and Poverty', D Dollar and A Kraay

'The Impact of Trade Liberalisation on Export Growth, the Balance of Trade and the Balance of Payments of Developing Countries', A P Thirlwall and A Santos-Paulino

'Trade Liberalisation and Wages in Developing Countries', J Arbache, A Dickerson and F Green

Articles:

'What's Driving the New Economy?: The Benefits of Workplace Innovation', S Black and L Lynch

'Testing Models of Tax Structure and Tax Perceptions in the UK', N Gemmell, O Morrissey and A Pinar

Amongst the items in the pipeline are -

Features:

(1) Ending War / Managing Conflict, four papers (by Murshed and Addison, Azam, Collier and Hoeffler, Gates)

Status: with Editor.

(2) Development and Aid, three papers (by Collier and Dollar, Mosley and Hudson, Dalgaard, Hansen and Tarp)

Status: with Editor.

(3) House Prices, three papers (by Cheshire and Shepperd, Clapp and Ross, Gibbons)

Status: revise and resubmit.

Possible symposia to be submitted:

(1) Parental Leave and Child Outcomes

(2) Monetary policy, the exchange rate and sectoral imbalances in the UK economy.

Articles:

'Is the Unskilled Worker Problem in Developed Countries Going Away?' (Anderson) — 2nd revise and resubmit.

'Akerlof, accounting scandals and accounting regulation' (Meeks) - with referees

Does education raise productivity, or just reflect it? (Chevalier, Harmon, Walker) — revise and resubmit.

'The economics of clinical negligence reform in England: Is "fault" at fault?' (Fenn, Gray and Rickman) — revise and resubmit.

'An Indicator of Monthly GDP and an Early Estimate of Quarterly GDP Growth' (Mitchell *et al*) — with referees.

'The Global Shortage of Registered Nurses: What Can Policy-Makers Learn from the Econometric Evidence on Nurse Labour Supply' (Shields) — revise and resubmit

'Emulation, Inequality and Work Hours: Was Thorsten Verblen Right?' (Bowles and Park) — revise and resubmit.

Letter from France -

Reflections on stability and growth

In his annual letter, Alan Kirman, Université d'Aix Marseille III, looks at France's recent difficulties with the EU's growth and stability pact and at the government's incoherent policy towards public spending.

WELL, IT WOULD BE DIFFICULT to say that things have not changed since I last wrote this letter and it would be even harder to say that France has not been involved. Jacques Chirac took a strong stand on Iraq, neither one suspects for moral nor for religious reasons, unlike others involved, and most of the French and vast numbers of Europeans were with him. Nevertheless the war was rapidly fought and 'won' and George Bush and Tony Blair assure us from behind serried ranks of police and bodyguards that the world is now a safer place. Curiously enough this Gulf War unlike the last seems not to have dented the confidence of French consumers perhaps because it is already at a rather low level, and no appreciable drop in consumption has been observed by the INSEE. What the French found puzzling in all this was the motivation of the US. They are unconvinced by the moral argument and found it hard to understand how the moment was chosen. The most cynical view that one finds here is that the U.N. inspectors were left there just long enough to be absolutely sure that Saddam had no weapons of mass destruction and that nothing nasty could happen to the invading troops before the final decision was reached.

France's problèmes domestiques

All of this was a distraction from the major domestic problems facing France. On the one hand the budget deficit is set to stay well above the 3 per cent level for the third year running and on the other hand there is the problem of pension reform. The two are far from unrelated since the increase in the debt diminishes France's capacity to meet the pension obligations that are looming in the near future.

On the first point there is a debate with France and Germany on one side, and most of the other members of the eurozone and the non-euro members of the EU on the other side. The French and the Germans, it is said, are undermining any credibility that the Maastricht Treaty and subsequent agreements, might have had. If, as seems likely after the November meeting of the finance ministers, they are let off the hook again many people forecast future economic instability. In particular Jean Claude Trichet the new, (French) governor of the European Central Bank suggested that interest rates might have to rise. This is a far cry from the days when it was the Bundesbank that used to condemn French indiscipline.

Just before his death I had lunch with Emile Noel, the former secretary general of the EEC. We discussed the Maastricht Treaty and when I suggested that putting hard numbers into a treaty did not make a lot of sense, since they were, after all, only statistics, and what is more, at some point, some country would feel the need to break the barriers imposed and would probably do so. He answered that without numbers the pact was not credible, but he was convinced that the numbers would be interpreted in a flexible way! So for him the numbers were purely symbolic. Furthermore, he added that I could be sure of one thing, it would not be Germany that broke the rules!

Although the debate is heating up, and the Franco-German alliance is strengthening by the minute, with the two countries being accused of sapping the economic strength of the Union it might be worth looking at the Maastricht Treaty again. Indeed many lawyers in France and in Germany argue that these countries are not in breach of that Treaty and that the criticism of their policies is based on a false reading .

The article in question is 104c and I reproduce the essential parts on the next page. You will see straight away what Emile Noel had in mind. The procedure for countries who violate the Treaty was rather progressive and the criteria quite vague. Under a liberal interpretation you might argue that France and Germany's agreement to be back in line with the reference levels by 2006 was enough to keep them within the Treaty's stipulations, particularly if you believe that 3.6 is 'close' to 3.

However after the Maastricht Treaty, when the eurozone was being set up, this entailed the control of interest rates passing from national governments to the European Central Bank (ECB), whose mandate was to keep inflation under control. Something had to be done to assuage the fears of the architects of European Monetary Union — especially, ironically, Germany that the introduction of the euro would lead to runaway inflation. This, because they feared that some countries would get round the tough monetary policy of the ECB by increasing government spending and running large budget deficits. So they introduced the stability and growth pact (SGP) which was voted in Amsterdam in 1997 and led to the much more draconian rules that hold today. It is the SGP that has led to trouble now, in the face of French and German pressure for what amounts to abandoning these rules.

Has France undermined the euro?

Why is all this of interest? The current situation has been widely interpreted as some sort of constitutional crisis for the new money. Yet, in fact, the SGP was voted by the European Council in 1997 and can be modified by a simple decision of the Council and, unlike any modification of the Maastricht Treaty, does not need to be ratified by the parliaments of the countries of the eurozone.

Where is the problem then, and why is there such an outcry in Europe? The first answer is that any economic policies based on a single figure are always likely to cause problems since the figures involved—the inflation rate, the deficit, government debt—are only statistics and what is more, reflect complicated realities. Where did the numbers come from? According to Noel the 60 per cent figure for debt was simply the average debt of the EU countries at the time of Maastricht. The 3 per cent figure is even worse, since, for clarity, it had apparently to be an integer and that meant that had 3.473 been the appropriate figure it could not have been put into the pact and we were already in trouble.

However, one might ask a naïve question. Why choose deficit and debt as criteria and why both together when one might reasonably suggest that a country with very low debt might more easily run a high deficit temporarily than its counterpart with high debt?

The standard argument is that excessive deficits lead to problems in any case, and particularly to inflation. Yet, examination of the performance of the euroland countries since the introduction of the euro shows that there is no significant relation between deficit level and inflation. This is not good news since this relation is the premise on which the SGP was based. The other argument used in the SGP was that low deficits would promote growth and there is, indeed, a clear positive relation between growth and government fiscal balance. There is, of course, a question of causality here. There are those who would say that government laxity revealed by a large deficit slows growth but since Germany whose government spends no more than the average eurozone country has also the lowest growth

rate the truth must be a little more subtle.

France is a nice illustration of what is going wrong. Low inflation compared with the other euro countries and the fact that interest rates are set by the ECB mean that real interest rates are relatively high and this slows growth. This, in turn, aggravates the deficit. So countries like France do not seem to be suitable candidates for fiscal restrictions. The SGP condemns them to a vicious circle whereas they would be better off in such a system with a higher inflation rate. However, since the relation between fiscal deficit and inflation is not clearly established,

loosening the fiscal restrictions may not produce higher inflation. Yet, this seems to be fine, since if higher inflation does not result, those who feared its onset will be relieved and if it does go up, France might get back onto a better growth path.

In any event, since the November finance ministers' decision many claim that the pact is almost a dead letter. The French newspapers were full of the 'victory' that was won by the Germans and the French in persuading the other countries not to fine them. However, this is far from what has really happened. France is committed, for the moment at least, to be back under the 3 per cent bar by 2005 and one does not have to look far to see what the consequences of this have to be for public spending. Here the question is, has France simply bought some time, in order to negotiate

changes to the SGP which

will allow it to avoid paying the price that it has promised in return for not being fined, or does it really intend to reduce the deficit? If the latter is the case then there will be a substantial reaction from those who will have to bear the burden of the reductions in government expenditure. But before coming to France's efforts to start on the road to deficit reduction it is worth reflecting on what sort of changes in the SGP might be possible.

Changing the SGP

Many modifications have been suggested. There has been the argument advanced by Barry Eichengreen that somehow institutional arrangements should be taken into account. He argues that countries that collect taxes centrally and disburse them regionally are more susceptible to overspending. How one

ARTICLE 104c

1. Member States shall avoid excessive governmental deficits.
2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:

- (a) whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless either the ratio has declined substantially and continuously and reached a level that comes close to the reference value; or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;
- (b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

The reference values are specified in the Protocol on the excessive deficit procedure annexed to this Treaty.

11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council may decide to apply the following measures:

- to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities;
- to invite the European Investment Bank to reconsider its lending policy towards the Member State concerned;
- to require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected;
- to impose fines of an appropriate size.

bers. Another suggestion is that an independent committee should make fiscal spending conditional on inflation forecasts thereby restraining those moving into an inflationary phase. To say the least, such a proposal seems to involve a moral hazard problem.

Another, perhaps tongue in cheek, suggestion is that one should subtract the net contribution to the EU budget from a country's debt. This would have radical consequences, since Germany contributes 5.1 billion euros, France 2.2 and Spain, for example receives net 8.9. If this were done France would fall below the 3 per cent level.

But back to the start. Why are we here? The SGP, which France and Germany are openly flouting, was supposed to ensure price stability, strong growth and a strong euro. Yet, on the last point, Germany and France together ran current account surpluses last year which were of the order of 80 billion euros as opposed to the total eurozone surplus of 73 billion euros. They have thus contributed to the strength of the euro, which at the time of writing is at a record high of over \$1.20, at a time when many would prefer to see it weaken.

Having seemingly defended, to my discomfort, the current government's position on the SGP, let me now ask a basic question. What about France's own policies?

Current French 'policies'

To keep Chirac's election promises France, despite weak protests from the finance minister, has been systematically reducing income taxes and thus aggravating the deficit problem. This seems both inequitable and irrelevant. Irrelevant because income taxes generate only 20 per cent of government revenue and what is more French tax rates are very low. A very small number of individuals pay the maximum marginal rate of 50 per cent since, unless you have a very high income indeed, you have an automatic deduction of 20 per cent if you are salaried and of 10 per cent additionally if you do not itemise expenses. Add to this the system of 'parts' which means that you divide your income by the number of members of the family, (first two children count as a half each and subsequent ones as a full part) and income tax bills are relatively low.

Cutting taxes is unlikely to have any serious stimulating effect, particularly since at the same time the government is trying to increase revenue by increasing the tax on cigarettes, a rise of 20 per cent and a second to be made within four months. This is, of course, they tell us, for health reasons but has had some interesting effects. Apparently a number of hard drug dealers have shifted into cigarette dealing, the penalties are lower and the profits are now very satisfactory since the price differential with surrounding countries is now significant. The black market is flourishing, since tobacco is not a free market and there is still strong state control of sales and manufacture in France.

Another characteristic of the current government is a capacity to yield to pressure and as soon as a banner is unfurled the retreat is sounded. On the cigarette tax a promise has been made to freeze the tax for four years after the next rise. This is because tobacconists have been up in arms. It is also rumoured that the next rise may not actually happen. Another example: the tax on diesel fuel has been raised just as technology has advanced enough to make diesel engines for cars less polluting

than their petrol equivalents, especially given their lower consumption but, as you can imagine, the rise did not affect the lorry drivers, the latter being renowned for their ability to bring the country to a standstill.

A particularly bizarre measure has been to abolish Whit Monday as a public holiday. In addition to the revenue raised from the government's share of the extra 0.38 per cent of GDP generated by this decision there is to be an extra solidarity tax of 0.3 per cent on the extra income generated and this is supposed to go to a programme to care for elderly people. This has, as its pretext, the extra 15,000 deaths, mainly of old people, that occurred in the heat wave this summer. This figure, confirmed by the health ministry is somewhat of a mystery to me. What does it mean that a death is premature? There was clearly an excess of deaths in comparison to a normal summer, there was a substantial waiting list for funerals and bodies were stocked in the meat storage halls at Rungis outside Paris. Yet how many of these poor people were on the point of dying and how many lost a significant part of their expected life? It seems to me that we can only know the answer when we have the statistics for deaths over the next couple of years. Nevertheless the government's reaction does not seem to have been the subject of much reflection. It does, however, show a certain political awareness since there is no obvious pro-Whit Monday lobby and the cause for which the revenue is to be used has popular appeal.

The pension problem

A serious problem which has loomed large has been the pension system and its reform. The French, like most other European countries are growing older and the discussion on pension reform has occupied centre stage. This is not unrelated to the discussion on the deficit since there will be a growing demand on resources to meet the contractual obligations inherent in the system. The idea of capitalised pensions has been ruled out and the current system will remain in force. The solution to the growing demands has been to increase the number of years to qualify for a full pension to 42 years. This will happen over the next few years. The retirement age of at most 65 has not been touched, though a number of early retirement schemes have been set on one side. This is evidence of the French desire for uniform rules. Any increase in the retirement age would be interpreted as preventing people with disagreeable jobs from taking their well-earned rest. The notion that some people might choose to continue working while their colleagues, in similar jobs, might not, smacks of anarchy. Yet such a scheme could make some contribution to the problem.

Once again it is worth asking what the basic problem is. There is no doubt that, even at current growth rates, pensions could be financed at current rates by suitable transfers. The issue is a political one. The transfers involved would deprive the next young generations of almost all the gains from growth and, what is worse, taxing the wealthy would not really make a dent in the problem. Thomas Piketty has shown that increasing the effective maximum marginal tax rate to 100 per cent on those in the top 10th percentile would not finance even 10 per cent of the pension bill.

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Why study economics?

Members will know that the number of UK students taking economics at A-level and in higher education has been falling for some years. The RES Annual Lecture, reported on the next page, is just one of the Society's attempts to broaden the appeal of the subject to potential students. This article reports on a major initiative from the Economics Centre of the Learning and Teaching Support Network, which should make a considerable impact.

THE ECONOMICS CENTRE of the Learning and Teaching Support Network (Economics LTSN) will be launching a new initiative in Easter 2004 that promotes the study of economics in UK higher education. The initiative, supported by the RES and CHUDE, is seeking to:

- Enthuse prospective students about the subject of economics
- Convey what it is like to study economics at university level
- Communicate the benefits of an economics degree

Economics LTSN has decided to devote significant time and resources to this initiative because, in the context of the Widening Participation agenda, the debate about 'autistic' economics, and the reduction in the number of departments offering dedicated economics pathways, there is a clear need to re-evaluate how the subject is communicated to prospective students.

While the overall number of students studying economics has remained fairly

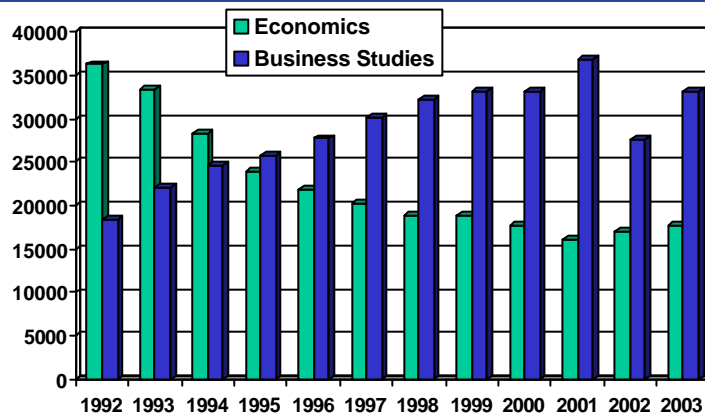
constant, in the past three years economics departments in the Universities of Derby, De Montfort, Lincolnshire and South Bank have all closed down and many others now retain only a handful of academic economists. Anecdotal evidence gathered from a number of departmental visits suggests that economics provision is increasingly being concentrated in larger courses in fewer institutions. Some universities, especially those with high RAE and Subject Review ratings are taking on more students each year while others struggle to fill places.

The A-level trends

If the number of students studying economics at A-level are seen as an indicator of popularity (see our chart) then, according to UCAS data and the A-Level results section of the *Guardian Education* site (<http://www.education.guardian.co.uk/>) Economics has been dwindling almost in direct proportion to the amount Business Studies has been rising. It should be noted, however, that the past two years has seen a modest rise in numbers studying A2 Economics, roughly in line with the increase in A-level numbers generally.

Recruitment need not be a zero-sum game between economics, business studies and other related disciplines. If the government maintains its resolve of ensuring that 50 per cent of those aged between 18 and 30 have experienced some form of high-

er education by 2010, then all academic subjects could be looking at an escalating student cohort. The Widening Participation initiative expects departments to take on some of the responsibility for both increasing participation in higher education and broadening the composition of students to ensure that previously underrepresented groups are drawn in. This leads to problems of maintaining and demonstrating high academic standards with an ever-declining unit of resource, while providing levels of support that a more diverse composition of students might require.



There is the possibility that more students at year 11 might opt for Economics AS level and in year 12 opt to continue it to A2, not at the expense of Business Studies, but at the expense of more traditional subjects. This would be more likely if students can see the attractiveness of an economics degree, not only in terms of its employment potential but

in terms of the intrinsic interest and relevance of the discipline.

Shaping students' expectations

For economics to continue to thrive, there needs to be a critical mass of faculties, departments and schools that offer dedicated economics degrees. To ensure this we should all take some responsibility to provide better information to prospective students and shape their expectations of what economics can offer.

As a step towards this, Economics LTSN will be authoring and promoting a set of accessible resources themed for students, teachers and university staff involved in student recruitment. These resources would include:

For students:

- A general guide to studying economics at HE
- An archive of Frequently Asked Questions (FAQs) answered by lecturers and students
- A database of university recruitment events related to economics
- Links to sources of graduate employment statistics
- A selection of alumni case studies

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The RES Annual Public Lecture

Competition Economics

This year's lecture was given in London and Edinburgh, on 2nd and 4th December, by John Vickers, Chairman of the Office of Fair Trading. The summary that we print here was prepared by the Society's media consultant, Romesh Vaitilingam. We follow it with one of several appreciative comments that the Society has received from students and teachers.

COMPETITIVE MARKETS are at the heart of any successful economy. But Professor John Vickers, Chairman of the Office of Fair Trading (OFT) argued that being pro-competition is by no means the same as being pro-*laissez faire*. While there is no doubt of the desirability of competition as a means of fostering consumer choice, productivity and innovation, it cannot be taken for granted. There is a constant need to guard against competition being undermined, for example, by cartels and anti-competitive protection of vested interests.

Every day there are controversies about competition questions — for example, mergers, monopoly power, deregulation, subsidies and trade policy. Strong views are expressed — sometimes independently, sometimes by vested interests. Competition economics plays a major role in answering those questions — and providing the basis for effective policy. In Vickers's words:

Competition policy is judicious regulation to bring out the best in *laissez-faire*. A competitive market is generally a far better regulator than any regulator can hope to be. More effective competition policy means less need for regulation.

One central element of competition policy is tackling cartels - what Adam Smith described as 'People of the same trade... in a conspiracy against the public, or in some contrivance to raise prices.' One notable example in recent years was an international cartel colluding to fix the price of lysine, a major animal feed additive used by farmers around the world. The US

authorities recorded one cartel member saying to another: 'Customers... are not my friends. You are my friend. I want to be closer to you than I am to any customer'.

Anti-cartel policy has recently been stepped up, John Vickers noted — and it is working. In 2001 alone, EU cartel fines exceeded 1.8 billion euros, about half of which related to an international vitamin cartel. A number of international cartels have been unearthed over the past decade by the US authorities, which have secured not only fines on the companies involved but also jail terms for some executives.

Key to the success of anti-cartel policy is the carrot of leniency, together with the sticks of fines, damages and even jail for hard-core cartel offenders. Leniency gives partial or total immunity from penalty to those that first come forward with information. It creates a potential competition — a race to the competition authorities — for those contemplating the illegally agreed suspension of price competition. Leniency gears up the deterrence effect of penalties, and all this should help stop cartels forming in the first place — to the benefit of the general public as consumers. In the UK, we have adopted US-style leniency arrangements, and this is certainly adding to the effectiveness of our new competition laws.

Vickers also showed how public policy can create competitive incentives — as with the UK mobile spectrum auctions - and how it should unblock competition — as with deregulation and trade liberalisation.

Sophie Noble comments —

I am currently a sixth year pupil at George Heriot's School, Edinburgh. Last year I achieved four Highers in Biology, Physics, Mathematics and English. I achieved two As and two Bs. At present I am pursuing Business Management as a 'crash' Higher along with 'crash' Higher Economics, as well as Advanced Higher Biology. I am also taking short courses in Classical Studies and Statistics to complement my Higher Mathematics.

The Higher Economics course so far has mainly focused on microeconomics; concepts such as the basic economic problem, demand, supply, the operation of markets and market intervention have been covered to date. We have now moved on to macroeconomics and will cover aspects such as national income, inflation and unemployment, international trade and payments, the role of the government in the economy, government economic policies and the international economic environment. As I have not studied a Business Education course previously, I have found the study of Economics has involved

a whole new language; terms such as 'diminishing marginal utility', 'opportunity cost', 'economies of scale', 'elasticity' have all become part of my vocabulary!

I am finding the course challenging as well as stimulating as it has made me think about my economic participation in the modern world. I have found my participation in Economics has enabled me to have an enhanced understanding of my other subjects as it enables a cross curricular approach to be taken. For example, Economics has provided a perfect complement to my Advanced Higher Biology course. The economic angle has been the environment — looking at externalities, costs and benefits of economic growth and environmental policy. This has added value to my Advanced Higher Biology coursework. The numeracy element of Economics has given me more confidence in my ability to work with numbers and this has supplemented my knowledge in Statistics. The Classical Studies course deals mainly with social issues and my understanding of these concepts has significantly increased from the knowledge I have of the workings of society through Economics. When I go to university, although I am not studying for an Economics

degree, I feel that the skills I will have learned throughout the Higher course will add to my future studies. The international trade and international economic environment elements of the course will give me a head start in the international law courses and will give me an excellent base line level of knowledge. My analytical skills have also improved with the interpretations I have done as part of the coursework and will be useful when I have to use case law for essays and tutorials. Perhaps, most importantly, I feel I have a much better grasp of the majority of topical issues I see in today's media. I believe that I have a greater understanding about choice and my role as a consumer. I can now read articles from business journals, listen to radio items and watch television programmes with a greater all-round knowledge and infinitely better comprehension.

I attended the Royal Economic Society's Annual Lecture for many reasons such as just completing course work on competition economics and my teacher declaring that attendance would be beneficial in terms of general interest as it would be topical, relevant and up to date. The prestigious speaker and the fact that it was local venue were also considerations! At

first I was unsure of what I would actually gain from the lecture as a whole as I assumed that it might be a little too high brow for my current level of knowledge and I would not be able to understand most of its content. However, I was overwhelmed at how much I understood from my current knowledge and how the lecture has added to it. I can now easily define collusion and cartels and new concepts, which are not in the Higher course, and aspects such as the prisoner's dilemma and game theory were introduced in a simple and accessible manner. Throughout the lecture Professor Vickers referred to various topical issues, for example, how the average European cow is subsidised in comparison to the average African civilian. These facts made me realise how much more to economics there is. It deals with real life.

I believe that one should take advantage of opportunities as they arise. This was one of those instances. One of the objectives of the lecture was to raise awareness and interest for young economists and this has certainly been the case for me. It is a pity that there were not more young people there who could have received some of the benefits that I did but I hope that this article will encourage others to attend in the future!

Joan Robinson - centenary tribute

To celebrate the 100th anniversary of Joan Robinson's birth, the department of economics at the University of Vermont sponsored a conference to recognise her contributions to the discipline over a long career and to demonstrate the continuing impact that her work has on some areas of current research. It was held on 17-19 October and was organised by Jane Knodell, Stephanie Seguino, William Gibson, Abu Rizvi and Ross Thomson. A lengthy programme of speakers included, among others, Claudio Sardonì, Luigi Pasinetti, Amit Bhaduri, Ed Nell, Marc Lavoie and Geoff Harcourt.

Geoff Harcourt's paper described the influences on Joan Robinson from her undergraduate days in Cambridge in the 1920s to her death in 1983, relating the changes in her own ideas to the views of her teachers and colleagues and friends. It traced her movement from being a critical Marshallian to being an enthusiastic Keynesian and eventually to her classical-cum-Keynesian-cum Kaleckian approach to economics.

Why study economics? *...continued from p.12*

For lecturers:

- Downloadable packs of recommended recruitment activities
- Database of economics related games to play with students

These resources will be available on a dedicated website available in Easter 2004 and therefore of use to students considering their options for the 2004/05 academic year. The centre hopes to add to them in the coming year.

To be successful this initiative needs the support of UK economics departments, both in promoting the resource once it is available and in providing information to the centre on existing recruitment approaches and events that are run. More information will be available on the centre's website at: <http://www.economics.ltsn.ac.uk/>

Letter from France

...continued from p.9

So with a government intent on cutting taxes on income there does not seem to be an obvious solution. One obvious answer would be the reduction of unemployment, but there are those of us who do not believe that making labour markets more flexible would be a panacea, and no answer to the European problem is on the horizon. Another is to increase immigration but this would not go down too well in Marseille!

So there we are, resisting the pressure to slow things down with fiscal restrictions at a time when growth is poor and at the same time conducting a rather haphazard and almost frivolous economic policy. There is however one indication that the crunch will have to come and that the government may have to be prepared to face up to it. It has just been announced that public employees will have no wage increase for 2003 and 0.5 per cent for 2004. Since the public wage bill makes up 45 per cent of government expenditure it is clear that not even paying the rate of inflation as an increase will save a substantial amount. A 1 per cent increase in the salaries of the 5.3 million public employees costs about 1.5 billion euros per annum. To hold expenses down there are likely to be increases for the next few years considerably below the inflation rate. Yet, unless there has been a complete shift in attitude, a sure way to have large numbers of protestors in the street is to cut the real wages of public employees. How will the government face up to this when it had such difficulty dealing with protesting tobaccoists?

One other item is going to cause a lot of problems. The health bill has been growing at over 6 per cent p.a. recently and no remedy has been offered. The tax to help care for the elderly is one way of reducing the burden but is far from bringing the rate of increase of expenditure down to any feasible growth level for GDP.

If we couple this with the recruitment of more police and an increase in the military budget, the government must be counting on a very optimistic growth rate for GDP to save their bacon or maybe, as some suggest, not counting at all.

Treading a difficult path

- an editor confesses

In a recent Economic Journal article, Pranab Bardhan lamented the difficulty that researchers in specialist fields have in getting their work published in general journals. Mike Wickens, for eight years a managing editor of the Economic Journal, gives his personal view of how editors work.

ARE ECONOMICS JOURNALS FAILING ECONOMISTS? This is the clear implication of Pranab Bardhan's article (*The Economic Journal*, Features, June 2003). His main argument is that those who work in 'somewhat peripheral fields' are not being treated fairly by general journals. A common criticism of economics journals is that they take too long to make decisions. In a careful analysis of the evidence, Glenn Ellison (*Journal of Political Economy*, 2002), finds that the time between submission and acceptance has increased since the early 1970's from 6-12 months to 24-30 months. He concludes that longer papers, more co-authored papers and greater competition for space are important factors. The editor of the *Newsletter* has asked me to respond to these two papers in the light of my experience of eight years as Co-ordinating Managing Editor of *The Economic Journal*.

Bardhan is probably right that it is harder to publish papers on peripheral topics in mainline journals than field journals, and this may, as he says, have harmful effects on promotion. And there is no reason to doubt Ellison's findings, or his conclusions. My response is not, therefore, to disagree with their evidence, but to argue that it reflects the logical outcome of market forces on economic journals rather than market failure. To see this we must consider the role of general journals (what they are for and in what respects they should differ from field journals), and the effects of instant electronic access to new research.

I have observed that much of the criticism of economics journals is about supply-side issues. Essentially, how can journals serve authors better? This is a very important question for journal editors and for the profession. The quality of a journal depends on its authors. But it is not the only type of question that an editor must address. Markets have a demand as well as a supply side. Arguably, this is just as important. In particular, how best can a journal act in the interest of its readers? In my experience, members of the Royal Economic Society are at times as vocal in their criticism of papers *The Economic Journal* does publish, as authors are of those it doesn't publish. The criticisms of readers — as well as authors seeking a more level playing field — were two of the main reasons why the editors made changes in the structure of *The Journal* seven years ago. Without doubt, there is a clear trade-off involved between the interests of authors and of readers. One of the tasks of an editor is to strike the balance. I would, therefore, include higher expectations by readers to Ellison's list of reasons for longer processing times for papers.

Improving the quality of published papers in *The Economic Journal* has been high on the agenda of the current editors. This has often entailed an extra revision, sometimes, to improve access by non-specialists to technical papers.

The role of journals is being transformed by easy, quick, and for the most part, cheap, electronic access to current research via the internet. As a result, increasingly, journals are not the main access points for the latest research. Instead, their role is becoming more that of a signaling device, providing a quality assessment for new research. Seen in this light, it is not surprising that processing times have been increasing.

The strongest guardians of quality and resisters of premature publication are referees. As a key arbiter of quality, and hence the type of signal sent, they are in some ways the nearest there is to a representative reader. Having probably given up our own

The role of journals is being transformed by easy, quick, and for the most part, cheap, electronic access to current research via the internet.

precious research time to referee a paper, we are understandably annoyed when our advice appears to have been ignored. As a result of feeling snubbed in this way, a few referees have gone so far as to tell me that in future they will refuse to referee for *The Economic Journal*. Editors therefore set aside the advice of referees at

their peril. Occasionally, of course, this must be done in the interests of the author and readability.

If journals are increasingly a signaling device, what implications does this have for general journals, and how they might differ from a field journal? I would say that historically field journals have been more repositories of knowledge than general journals. General journals look especially for originality rather than for extensions, for results that might have a profound effect on a particular field, or might be valuable for researchers in several fields. Extensions tend more to fill in the gaps in the literature. This is not to decry extensions; they may have great value in a field. Nor is this to say that field journals do not prize originality as much as general journals. It is just that the functions of general and field journals are slightly different. At the margin, of course, it is difficult to make such a distinction between having originality and being an extension. Fortunately, economists well understand analysis at the margin.

All of this relates directly to Bardhan's chief complaint. This is the usual reason why authors whose papers are rejected by a general journal — even though there may be nothing technically incorrect in the paper, and the analysis may be conducted painstakingly and meticulously — are advised to submit their

paper to a field journal. Understandably, authors are often baffled, disappointed and very annoyed to be told this. It may also help explain why general journals tend to get higher citations than field journals, especially when self-citations are excluded.

Let us turn to some of Bardhan's other concerns. He makes a case for publishing more articles on development economics in general journals. He says that development economics has undergone a major transformation in recent times but this is not reflected in the proportion of development papers appearing in general journals. The same could be said of other fields. Experimental economics, for example, has emerged in recent years as a new field. Having published a few of the important early papers on experimental economics, *The Economic Journal* began to receive a large number of other papers in the field. Many of these papers were rejected, largely on the grounds that, given previous work in the area, they lacked sufficient originality. Before long I received a letter from a leading experimentalist accusing *The Economic Journal* of harbouring a bias against experimental economics and saying that he was going to advise people in the field not to submit their work to the journal. Another area where in the last eight years *The Economic Journal* has been accused of being prejudiced is labour economics. My response to all of these perceived slights is the same. *The Economic Journal* will continue to judge all papers in the same way: on their originality, how competent the analysis is, how well a specialist topic is explained to the general reader, and on the likely interest of such a reader. Note the emphasis on the reader, and not the author.

Bardhan criticizes general journals for the quality of their editing. He says that field journals often provide better referees reports than general journals, and that editors of general journals typically have little expertise in particular fields. Ellison offers some casual evidence in support of this. He says that an editor of a general journal has admitted to him that he is less likely to scrutinize a paper as carefully if it is in a field outside his expertise and, as a result, is more likely to accept it for publication.

This raises a very important point. Inevitably, no editor can know as much about all individual fields as a specialist in a field. The only way to correct for this is to have specialist referees to advise an editor. Even then, this is not fool-proof. Much of the problem of editing is solved if the referees are well chosen. Knowing who to ask is key. This is obviously made easier if the editor has some familiarity with the area. Internet search engines are very helpful in finding out who is currently working on what. Many assume that *The Economic Journal* has a list of referees it selects from for all papers. Several times, programme chairmen of the annual RES conference have asked me for access to such a list, and have difficulty in accepting that there is no such list. We use the internet to find out who is currently working on a topic.

Unfortunately, finding out who is an expert on an issue does not necessarily solve the problem. As Bardhan correctly notes, the same expert is likely to be in high demand by all journals. And this problem is getting worse as the number of research articles written continues to grow exponentially. I would expect that one of the main reasons for the increase in the delay between submission and acceptance are refusals to referee due to being heavily committed already. This is more likely, the

more suitable the referee. I should like to add that most referees who do not decline, send in reports and do so fairly promptly. This is a good time to say how grateful I am to our referees for this.

Trying to solve this problem has affected the way that journals are managed. Instead of there being a single editor as in the past, now journals (even field journals) usually have several editors. In 1996 *The Economic Journal* switched from having a single editor to having a team of editors almost entirely for this reason. Even so, I am still very conscious that I have to make decisions about areas I have never worked in. I am then heavily dependent on the referees.

To judge by the volume and intensity of anger of the correspondence that I receive, perhaps the most controversial thing that the editors of *The Economic Journal* do is reject papers without first seeking referees reports. Occasionally, this correspondence borders on outright abuse. The main reason we do this is because in our judgement the probability of the paper being accepted for publication is very small. Sometimes this is not because the paper is poor, but because in the editors' views, it is not suitable for the Journal. We therefore want to avoid authors suffering unnecessary delay in being given a decision, and we want to protect referees by not wasting their time. This is one way to reduce the time from submission to decision, but we recognize that it is not always popular.

A familiar dilemma is that referees advise rejection of a paper that an editor thinks could be made publishable with substantial revisions. This is often the case with inexperienced authors. I have rescued a number of papers in this way. Of course, outright rejection would have improved the journal's processing-time statistics, and I would have avoided exploiting the goodwill of referees by not asking them to review a paper they have already rejected – another common cause of complaint from referees. My impression is that not many journals do this. This is understandable as to do so causes an editor a lot more work. Despite what Ellison says, I believe that the pressure of work on editors has increased. It is certainly easier to take the view that it is not the role of a journal to do an author's work, and as there are a lot of journals out there, if the paper has any merit, it will find a home somewhere. I have always taken the, perhaps rather old-fashioned, view that as *The Economic Journal* is the journal of the Royal Economic Society, it should aim to provide more of a service to its members than an ordinary journal.

I am pleased to say that *The Economic Journal* is not guilty of one of the criticisms mentioned by Bardhan, namely, publishing articles written by its Managing Editors. Whatever the merits of our papers, it would be virtually impossible to maintain the accountability and credibility of the editing process if we did. The Managing Editors are the one group of authors that we arbitrarily discriminate against. I hope that we give a fair deal to all other authors and, just as important in my view, we have acted in the best interests of our readers.

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The Nobel Prize

Once again, the Royal Swedish Academy of Sciences has announced a joint award of the Prize in Economic Sciences. The 2003 prize was shared between Robert Engle of New York University, USA for his work on economic time series with varying volatility and Clive Granger of University of California at San Diego, USA for methods of analysing economic time series with common trends. Iris Biefang-Frisancho Mariscal of the University of the West of England, reviews their contributions to econometrics.

EMPIRICAL RESEARCH in macroeconomics as well as in financial economics is largely based on time series. This year's Laureates' contributions have deepened our understanding of two central properties of time series — non-stationarity and time varying volatility. Both contributions have led to a large number of applications.

Cointegrated economic variables

Despite the fact that many macroeconomic time series are non-stationary (they do not exhibit any obvious tendency to a constant value or a given trend), for a long time it was common practice to apply to models involving nonstationary data standard methods that only provide valid conclusions for stationary data. Clive Granger (with Peter Newbold, 1974), pointed out that tests of such regressions may often suggest a statistically significant relationship between variables where none in fact exists. Statisticians working with nonstationary time series suggested that if economic relationships were specified in first differences instead of levels, the statistical difficulties arising from nonstationary variables could be avoided. However, statistical models based solely on difference terms can capture the short-run dynamics in a process, while economic theory is concerned with an equilibrium relationship between economic variables (the covariation of levels of variables), which may deviate from equilibrium in the short-run, but will adjust towards equilibrium in the long-run.

Clive Granger put forward a solution to this problem by developing concepts and methods that combine short-run and long-run perspectives. The key to his analytical methods is the discovery that a specific linear combination of two (or more) non-stationary series may be stationary. If this is so, then the variables are said to be cointegrated. Granger showed that the joint dynamics among cointegrated variables can be expressed in the error correction model. Such a model is not only statistically sound by involving only stationary variables, but it can also be given meaningful economic interpretation.

The concept of cointegration would not have become useful in practice without powerful statistical theory for testing for cointegration and for estimating parameters of linear systems with cointegration. Granger and Engle jointly developed the necessary techniques in their influential paper published in 1987, where they consider the problem of testing the null hypothesis of no cointegration between a set of nonstationary variables and present a two-step method for estimating the error correction model.

In subsequent work and in collaboration with other researchers, Granger has extended the concept of cointegration to seasonal-

ly integrated variables and defined the concept of multicointegration (Granger and Lee, 1990). Further, in many cases, deviations from equilibrium are explained by transaction and information costs, which may be incorporated into models with cointegrated variables, giving rise to a nonlinear error correction model (threshold cointegration (Granger and Swanson, 1996)).

Cointegration analysis has become a common econometric tool for empirical work. It is particularly valuable in systems in which short-term dynamics are affected by large random disturbances, while long-run variations are simultaneously restricted by economic equilibrium relationships, as for example, in the relation between exchange rates and price levels, or the wealth-consumption relationship, where previous studies did not distinguish sufficiently temporary and permanent perturbations in wealth. Further examples are the relationship between dividends and stock prices, where stock prices follow dividends in the long-run, but exhibit substantially larger fluctuations in the short-run, and the term structure of interest rates, where long and short-term rates are linked together by expectations regarding future short rates.

Modelling volatility

Risk evaluation, a core activity of financial analysis, cannot be made without assessing the volatility of asset returns. Although financial economists have long known that volatility in returns may vary considerably over time, with large (small) changes in return being followed by large (small) changes, practitioners as well as researchers continued to use statistical models of asset returns in which the variance of the error term is typically assumed constant over time. These models of asset returns can only explain a fraction of the variation from one day to the next, so that most of the volatility is embedded in the error term.

Robert Engle (1982) assumed instead that the conditional variance of the error term systematically depends on previously realised random errors, so that large (small) errors tend to be followed by large (small) errors. In technical terms, the random error displays autoregressive conditional heteroscedasticity, ('ARCH'). He developed a method that made it possible to estimate jointly the parameters of the conditional volatility with those of the expected asset returns.

He also demonstrated how ARCH models could be estimated and introduced a test for the hypothesis that the conditional variance of the error term is constant. In subsequent work in collaboration with students and colleagues, the ARCH model was further developed, notably by Tim Bollerslev (1986), who

introduced the generalized ARCH (GARCH) model where the conditional variance depends not only on past squared error terms, but also on the variance itself. This has become the most popular ARCH model in practice.

Robert Engle has developed (with Lilien and Robins, 1987), the ARCH-in-mean (ARCH-M) model where the conditional variance is a regressor in the conditional mean equation, so that expected returns become time-varying themselves. This model is useful in modelling the relationship between risk and return when risk varies. It was introduced by Engle and co-authors to examine time-varying risk premia in the term structure of interest rates.

To apply the ARCH-M asset pricing model to the pricing of several risky assets involved the construction of a multivariate GARCH-in-mean model (Bollerslev, Engle and Wolbridge, 1988). Expected asset returns are proportional to the conditional covariance between assets and they change over time with variations in the covariance structure.

In addition to their use in asset pricing, ARCH and GARCH models have been applied in other areas of financial economics. One example is the pricing of options and other derivatives, where prices depend on the variance in the return of the underlying asset. Further, value-at-risk models are used to calculate capital requirements for market risks according to the so-called Basle II rules. ARCH and GARCH models have become an important tool in modern risk management models.

References:

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Engle, R F (1982) 'Autoregressive conditional heteroscedasticity with estimates of the variance of United Kingdom inflation', *Econometrica*, 50, 987-1007.

Bollerslev, T (1986) 'Generalised autoregressive conditional heteroskedasticity', *Journal of Econometrics*, 31, 307-327.

Engle, R F, Lilien, D M and Robins, R P (1987) 'Estimating time-varying risk premia in the term structure: The ARCH-M model', *Econometrica*, 55, 391-407.

Bollerslev, T, Engle, R F and Wooldridge, J (1988) 'A capital asset pricing model with time-varying covariances', *Journal of Political Economy*, 96, 116-131.

Women academic economists in retreat?

Heather Joshi, the Chair of the RES Committee on Women in Economics, reports on its fourth survey on gender balance in UK university departments of economics.

THE SOCIETY'S SURVEY OF GENDER BALANCE in the economics departments of UK universities in 2002 has come up with an unexpected finding. The slow advance of women into employment in university economics in Britain, which has been charted in RES Biennial Surveys since 1996, has gone into reverse. Even if this is only a blip on a long march towards greater participation of the minority gender in this sector, it presents an unfavourable contrast of organizations such as the BBC, currently congratulating itself on having more than 50 per cent of its Board female.

The Survey, run for the RES Committee on Women in Economics by Jon Burton, ISER Essex, approached departments of economics, departments teaching economics in business and management schools and research units employing economists, all in British universities, about their staffing as of November 2002. 88 responses were received. Within them, the proportion of the full-time staff who were female was 19 per cent, down from 20 per cent in the similar survey in 2000. As shown in Figure 1, the falling proportion applies to almost all grades, especially fixed term lecturers. The proportion of economics professors who were women fell back from 7 to 6 percent (still about half the proportion of females among professors in all subjects across the University sector as a whole).

The picture of falling proportions of females is not an artefact of changing composition of responding departments in successive surveys. Figure 2 compares responses for the 51 departments who were in both 2000 and 2002 surveys, and hence measures change in the same institutions. The finding of falling female proportions is confirmed and more consistent.

The change can be accounted for partly by an influx of men to the hitherto relatively female preserve of fixed term lecturer contracts, perhaps reflecting a general 'casualisation' of the sector. Otherwise, the survey reveals, the drop is not due to a fall in the female share of new hires or promotions. Outflows from the sector is the main source of the change. Among standard (non-research) grades, the proportion of staff leaving between 2000 and 2002 who were female was higher than the proportion of staff joining in that period, and also higher than the proportion either leaving or joining between 1998 and 2000. These women leaving academic grades are concentrated among lecturers, permanent and fixed term. Are they retreating, or advancing on pastures new?

Although it may be tempting to leap to the conclusion that attrition of young women is to be expected, and explained, as part of their family-building biographies, I would suggest this may well be a mistake. Why should the phenomenon increase at a

time when the birth rate has fallen? There is abundant evidence from other sources, including the Millennium Cohort Study of UK children born in 2000-1, that graduate mothers in the twenty-first century seldom interrupt their careers for more than maternity leave. It is therefore possible that the women economists who have disappeared from academic departments have found work in other sectors, such as the Government

Economic Service, City, consultancy or local government. Both males and females may find better pay in these sectors, it is possible that women may be especially attracted by a more

family-friendly employment regime in some of them, particularly the GES. Factors which may contribute to the academic sector not being 'family friendly' include the scarcity of part-time posts (most of which are held by double-jobbing men), the restriction of parental benefits in many universities to the statutory minimum, limited nursery places and the 'long hours culture' induced either by the competitive pressures of the RAE or our own intellectual commitment.

A detailed report of the survey's findings is posted on the Women in Economics page of the RES website — www.res.org.uk/women — under Biennial Reports. It also contains details of the gender composition of postgraduate students (still around one third, but falling for PhDs and part-time masters), and the composition of academic economic employment by ethnic group. Blacks are still under-represented.

These findings should be of concern to the Society as the under-representation of women, and some ethnic minorities, is likely to represent under-utilisation of skill and may suggest inequality of opportunity and poor human resource policies in universities. The relative lack of interest in economics shown by half the British population might also be something to consider in the Society's debates about the public image/human face of economics.

The Committee would appreciate comments on the report and its interpretation as they plan a further publication and to propose new initiatives of data collection. Please send them, by:

February 14, 2004
if possible to
hj@cls.ioe.ac.uk

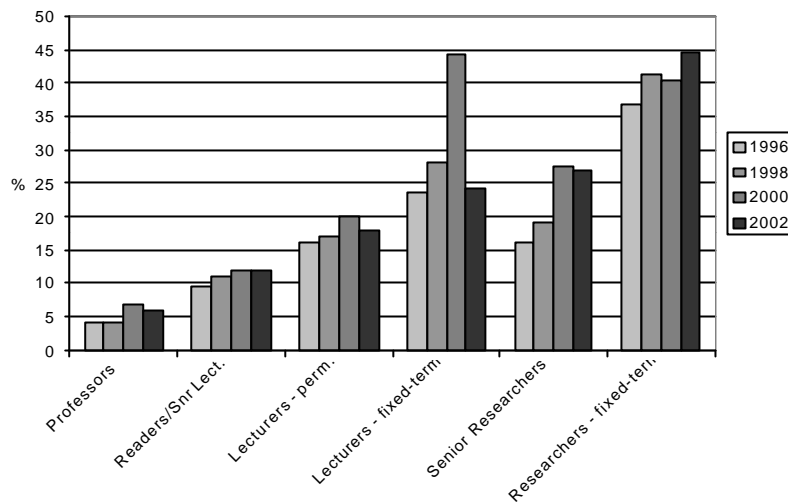


Fig. 1: Changing levels in the proportion of women in academic economics, 1996-2002 (Cross-sectional surveys)

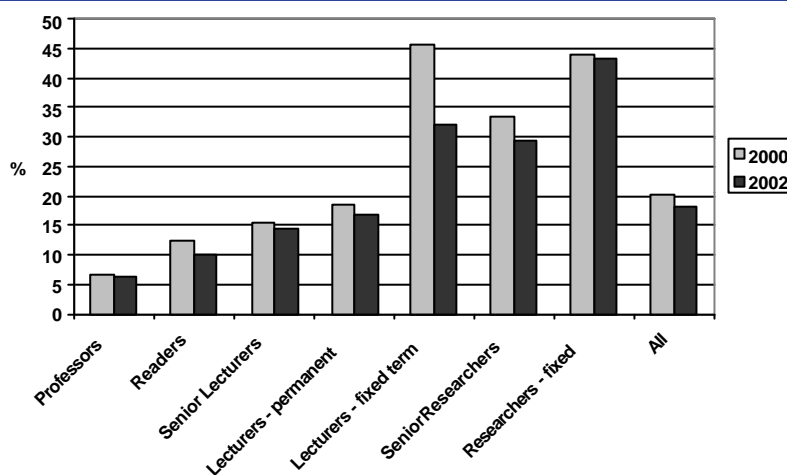


Fig. 2: Changing levels in proportion of female staff: 2000-2002, balanced panel.

**Post-graduate diploma in Feminist Development Economics offered by The Institute of Social Studies, The Hague
27 May - 9 July 2004**

Feminist Development Economics

is a new programme for professionals with a background in economics who would like to specialise in feminist economic issues. The six week, full-time, course will examine how processes such as globalisation, market liberalisation and structural adjustment impact the positions of men and women. The programme presents feminist development economics as an analytical framework that can be used to strengthen neo-classical, post-Keynesian, institutional and marxian economic theories. Teaching methods will include case study discussions, lectures, guest speakers, including Professor Diane Elson, and a final paper. ISS is an internationally renowned academic institute that offers postgraduate programmes (PhD, MA and diploma programmes) to mid-career professionals on development-related subjects. The tuition fee is 2200 euros. Please see our website www.iss.nl for further information. Application deadline: **1 April 2004** (application forms can be downloaded from our website, www.iss.nl)

Correspondence

The Bush tax cut

Sir,

In his 'Letter from America' (RES *Newsletter*, October 2003) Professor Deaton strongly criticized the Bush tax cut as inequitable, writing: 'It is hard to imagine that anyone would defend ... [it] as fair...' While I agree with Professor Deaton that the tax cut was too generous to the rich, I do not find it all that 'hard to imagine' that someone might consider it fair. Yes, if one starts with the presumption that all output is the common property of society, then the increased inequality generated by the tax cut is unfair. But if one starts with the presumption that output belongs to those who created it (or those who received it as an inheritance from the creators), and that their share in its creation is more or less measured by their incomes, then a tax cut that reduces or eliminates progressivity seems fair; let everyone pay only the value of the government services they receive. The latter presumption may not be right (I am sceptical but not sure how one goes about definitively deciding this), but it surely not 'hard to imagine'.

Professor Deaton concedes that many middle-class taxpayers support the underlying idea of Bush's tax cut, but explains this by the power of money in American politics. For this to be plausible one would have to show how the power of money was able to generate this support by, for example, pointing to an ad campaign. But I don't remember such a campaign for the tax cut. Yes, it is true that news media are owned primarily by the rich, but the reporters and editors are largely liberals. Professor Deaton's argument seems like a facile answer to a question that has puzzled intellectuals for a long time: Here we are 'the best and the brightest', unselfishly advocating what is in the interest of the people, so why do they vote for the other side? Despite some obvious weaknesses one would expect the median voter theorem to work better than it does.

Thomas Mayer
University of California, Davis

Sir,

I was interested in the 'Letter from America' by Angus Deaton in the October, 2003 *Newsletter*. It is a pity that Angus Deaton did not explain the exact make-up of the tax cuts made this year in America. There were really two parts to the tax cuts. The first part dealt with income taxes, and the percentage reductions in tax rates increased materially as taxable income decreased. In other words, the net result of the income tax changes alone increased the burden of total income taxes on the higher incomes. The use of absolute figures was misleading and I wrote a letter to the liberal *Washington Post* pointing this out and complaining that the Democratic Party's distortion of those tax cuts as being in favour of the rich was a deception.

The *Post* did not publish my letter, but published an article claiming that if the cuts in the confiscatory taxes on dividends (double taxation of company earnings) and capital gains taxes — cuts intended to increase saving and investment — were included there was no change in the distribution of the total tax burden between income groups.

To my mind, both the dividend tax and the capital gains tax are confiscatory taxes and to call them 'fair' depends on one's point of view. While in the earlier part of the century, very high rates of confiscatory taxes prevailed, the whole trend of taxation under both parties has been to reduce materially the level of such taxes, perhaps indicating that most people do not consider such confiscation fair.

I have always felt that preoccupation with the distribution of income and the urge to equalise incomes is mistaken. It ignores the question of whether the lower incomes would be better off with more equality if it reduced the level of saving and investment and growth of the economy, the tide which lifts all boats.

I personally would favour correcting the scandal of full-time working Americans, living in poverty, with a 'recognition subsidy' to bring up their standard of living considerably above the poverty line, rather than tampering with income taxes as a means of correcting this major flaw in American society.

Herbert W Robinson
Fountain Hills, Arizona

Angus Deaton responds:

The interpretations of tax fairness in the letters by Herbert Robinson and Thomas Mayer provide excellent illustrations of one of the main points of my Letter, that fairness is in the eye of the beholder. The psychological literature that I referred to provides ample evidence of how notions of fairness can be affected by (sometimes absurdly small) self-interest, and how such influence is rarely perceived and often hotly denied. That said, it does indeed seem hard to imagine that people could reasonably suppose that their incomes are a measure of what they have individually created. A more accurate assessment of the facts surely comes from Edward Albert Filene, the founder of Filene's department store, who is reported to have said that 'Why shouldn't the American people take half my money from me? I took all of it from them.'

I also dispute the view that, in spite of right-wing ownership, there is a liberal bias in reporting in the media. No one who checks out Fox 'news' on television, listens to AM talk radio, or watches 'religious' television could maintain such a position. These media, on a daily basis, whip up support for conservative policies, and disparage and mock those who disagree with them. This right-wing fundamentalism in American media

has expanded rapidly in the recent past, and if not the cause, is certainly part of the move to the right in American politics and policy making.

Angus Deaton
Princeton University

An early macroeconomics

Sir,

I was interested to read the report of the Money, Macro and Finance Research Group's latest annual conference (*Newsletter*, no.123, October 2003). It reminded me that the concept of macroeconomics in the western world is of comparatively recent origin. For example, Samuelson recently reminisced that 'In 1948, when *Economics* was first published, the word "macroeconomics" — the study of what determines a society's unemployment, its price level and inflation rate, and its rate of overall GNP growth — was not even in the dictionary'.

By contrast, a concept of macroeconomics can be found in the scriptures of ancient India, starting from Rigveda, the oldest book of the world. In particular, I would like to draw the attention of MMFRG and other academic groups in the western

world to the magnificent contribution of Kautilya in his *Arthashastra* (Economics) written over two thousand years ago. He made a threefold categorisation of public expenditure (a sophistication which dawned quite late in developed societies) into:

consumption expenditure
development/investment expenditure
welfare expenditure

The role of macroeconomics propounded by Kautilya was to maintain an optimal balance between these categories of government expenditure. According to his analysis, any deficiency (or excess) in any one category would upset the entire conduct of public administration. For example, if there is underinvestment in the economy, both consumption and welfare expenditure would have to be cut in the long-run. Likewise a state of overinvestment would rebound adversely on the other two categories of public expenditure. Thus, simultaneously, this learned macroeconomist laid the foundations for a theory of business cycles, an issue of much current concern to developed economies.

Om Prakash
Fellow Emeritus and lately Vice-Chancellor
University of Rajasthan, Jaipur.

Royal Economic Society 2004 Annual Conference

The 2004 Annual Conference will be held at the
University of Wales Swansea
from **Monday 5 to Wednesday 7 April**

Keynote speakers:

David Hendry
Sargan Lecture

Kenneth Rogoff
Hahn Lecture

Douglas Bernheim
The Economic Journal Lecture

plus the
Review of Economic Studies Lecture

Further information about the conference arrangements may be obtained from the local organiser:

Nigel O'Leary,
Department of Economics,
University of Wales Swansea,
Singleton Park,
Swansea SA2 8PP

Tel: 01792 602113
Email: n.c.o'leary@swansea.ac.uk
Webpage: www.swan.ac.uk/res2004

RES

news items

Annual General Meeting

The Annual General Meeting of the Royal Economic Society will be held on during the Society's Annual Conference (5-7 April 2004) at the University of Wales Swansea. Papers for the meeting will be circulated with the February issue of *The Economic Journal*.

One-year fellowship scheme Academic year 2004/2005

The Society is proposing to award a small number of one-year junior fellowships, tenable in UK universities, to postgraduate students who have completed at least two years of their doctoral studies. Those awarded fellowships will be expected to undertake 60-80 hours teaching in their universities during the academic year while continuing with their doctoral research. 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 **23 APRIL 2004**.

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

Postgraduate students should not make direct application to the Society.

Special offer to RES members

Newman, Peter

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

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

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

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

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

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

Conference Diary

2004

january

29 January

London

*International conference on **Country Risk in Emerging Markets*** to be held at London Metropolitan University. The conference will bring to together a distinguished panel of experts from international banks, credit rating agencies and universities to examine the modelling and monitoring of country risk in emerging markets.

Further information from: Professor Nicholas Sarantis Tel.: 020 7320 3079 E-mail: n.sarantis@londonmet.ac.uk
Application forms from: Sue Wharton Tel.: 020 7320 1430 E-mail: s.wharton@londonmet.ac.uk

february

5-6 February

Paris, France

*Eighty-third conference on **Quantitative Management*** organized by the Applied Econometrics Association.

Further information from: www.aea.fed-co.org/2004paris/uk/

march

11-12 March

Georgia, USA

*Twelfth annual symposium of the **Society for Nonlinear Dynamics and Econometrics*** to be held at the Federal Reserve Bank of Atlanta.

Further information from: Linda Mundy, Research Department, Federal Reserve Bank of Atlanta, 1000 Peachtree St, NE Atlanta, GA30309, USA. Tel: 1 404 498 8818 Fax: 1 404 498 8810 E-mail: linda.mundy@atl.frb.org

22-26 March

Lausanne, Switzerland

Second advanced continuing education course organized by Operations Research Group 'ROSO' and EPFL Industry Liaison Programme 'Cast' at the Ecole Polytechnique Fédérale de Lausanne. The theme will be **Discrete Choice Analysis: Predicting Demand and Market Shares**.

Further information from: <http://roso.epfl.ch/DCA/>

30 March – 1 April

Perth, Scotland

CALL FOR PAPERS

*Annual conference of the **Scottish Economic Society***. Papers from all areas of economics and econometrics are invited from academics and practitioners in government, local authority, quango, private sector and charitable organizations. There will be separate policy and pedagogy streams. The Sir Alec Cairncross Prize of £1000 will be awarded to the best paper presented at the conference by an economist currently registered for a PhD or who has successfully completed a PhD within the last five years.

Further information from: <http://www.scotecsoc.org/>

31 March

Nottingham

*Third annual conference on **Globalisation and Economic Policy (GEP)*** to be held at the University of Nottingham. The conference is aimed at current PhD students researching in the area of Globalisation and Economic Policy from both theoretical or empirical perspectives. These areas include: foreign direct investment, trade, productivity, migration and labour market adjustment.

Further information from: Sue Berry, Leverhulme Centre for Research on Globalisation and Economic Policy, School of Economics, University of Nottingham, Nottingham NG7 2RD. Tel: 0115 951 5469
E-mail: sue.berry@nottingham.ac.uk
www.nottingham.ac.uk/economics/leverhulme/conferences

april

2-4 April

London

*Annual conference of the **Agricultural Economics Society*** to be held at Imperial College. The conference will include sessions on agriculture, the environment, food and related industries, rural communities and economic development, land use and development economics.

Further information from: Dr Deborah Roberts, AES Conference Secretary, Arkleton Centre for Rural Development Research, University of Aberdeen, St. Mary's, Aberdeen AB24 3UF. Tel: 01224 273901 Fax: 01224 273902 E-mail: deb.roberts@abdn.ac.uk

2-4 April

London may

Annual conference of the **Economic History Society** to be held at Royal Holloway College, University of London.

Further information from: Maureen Galbraith, Dept. of Economic and Social History, University of Glasgow, 4 University Gardens, Glasgow, G12 8QQ.

Email: ehsocsec@arts.gla.ac.uk

www.ehs.org.uk

5-6 April

London

Fifteenth annual conference of the **Chinese Economic Association** to be held at Middlesex University Business School. The theme will be: New Age of the Chinese Economy: the workshop of the world?

Further information from: Mrs Maria Lane, Middlesex University Business School, The Burroughs, London NW4 4BT. Tel/fax: 020 8411 6825 E-mail: m.lane@mdx.ac.uk

5-7 April

Swansea

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

Further information from: see page 19.

Also: www.swan.ac.uk/res2004

16-18 April

New York, USA

Annual meeting of the **Risk Theory Society**.

Further information from: <http://aria.org/rts/>

22-23 April

Padova, Italy

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

Further information from:

www.aea.fed-eco.org/fr/archives/2004Padova/

23-25 April

Belfast, Ireland

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

Further information from: <http://www.iea.ie/conferences/>

21-22 May

Vienna, Austria

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

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

june

10-12 June

Bergen, Norway

CALL FOR PAPERS

Eighteenth annual conference of the **European Society for Population Economics**. The conference aims to promote the exchange of ideas in a number of fields, including household economics, labour economics, public economics, demography, and health economics. The submission date is **1 February 2004** and submissions (paper and abstract) should be sent by e-mail to espe2004@rwi.essen.de

Further information from: www.espe.org

10-13 June

Munich, Germany

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

Further information from:

www.econhist.de/ehb/conference/index.html

25-26 June

Nottingham

Conference on **The 100th Anniversary of Anti-Dumping Regulation** to be held at the University of Nottingham.

Further information from: Sue Berry, Leverhulme Centre for Research on Globalisation and Economic Policy, School of Economics, University of Nottingham, Nottingham NG7 2RD. Tel: 0115 951 5469

E-mail: sue.berry@nottingham.ac.uk

www.nottingham.ac.uk/economics/leverhulme/conferences

25-28 June

Toronto, Canada

CALL FOR PAPERS

Thirty-first annual conference of the **History of Economics Society**. Proposals for papers and sessions are welcome in any area of the history of economics. Deadline for submission of papers is **15 February 2004**.

Further information from:

<http://eh.net/HE/HisEcSoc/carchive/HES2004/>

july

7-9 July

Melbourne, Australia

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

Further information from:

<http://www.monash.edu.au/oce/ESAM04/>

15-16 July

Manchester

CALL FOR PAPERS

Third conference of the **Centre for Growth and Business Cycle Research** to be held at the University of Manchester. Keynote speakers include: Richard Agénor (Yale University and the World Bank), Danny Quah (LSE) and Martin Weale (NIESR). The theme will be 'Growth and Business Cycles in Theory and Practice'. Papers should be submitted by 29th March 2004 to Dr Marianne Sensier, School of Economic Studies, University of Manchester, Oxford Road, Manchester M13 9PL.

Further information from:

<http://www.ses.man.ac.uk/cgbcrlatest.htm>

august

25-28 August

Stockholm, Sweden

First EuroScience Open Forum to be held in Stockholm. The forum aims to: present science and the humanities at the cutting edge; stimulate scientific awareness; and foster the debate on sciences and society. Proposals for symposia, debates, seminars or workshops should be submitted by **15 September 2003** to Gabriella Norlin (gabriella.norlin@esof2004.org)

Further information from: www.esof2004.org

september

1-2 September

London

CALL FOR PAPERS

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

Further information from: Giovanni Urga at the above e-mail address and

<http://www.cass.city.ac.uk/faculty/g.urga/info1.html>.

9-11 September

Nottingham

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

Further information from: www.etsg.org

october

14-15 October

Hamburg, Germany

CALL FOR PAPERS

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

Further information from:

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

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