



ROYAL ECONOMIC SOCIETY

# NEWSLETTER

Issue no. 136

January 2007

ROYAL ECONOMIC SOCIETY

## Courting the media

The New Year opens with a bumper collection of items, shoe-horned into twenty-eight pages. Some of them are regular features — the report from the editors of the *Economic Journal*, for example. Alan Kirman's 'Letter from France' is another, and this year is a particularly interesting account of how French politics has finally woken up to the importance of the 'environment'.

But we also have an entertaining contribution from Tim Harford (*Financial Times*) who follows up Alan Deaton's 'Letter from America' in the October issue. Readers may recall that Angus explained how a piece of research carried out by his wife and a colleague was the subject firstly of some simplified and rather inaccurate reporting and subsequently of attacks on the paper's authors. Tim offers some useful suggestions for economists wanting to get their work accurately reported to a wide audience. (We must hope that he doesn't regret some of the more generous ones).

It is by pure chance that we have quite a lot of news in this issue from the Economics Newtwork. Anyone involved in teaching economics will be particularly interested in the large-scale survey of student views on the courses that we offer. It provides much food for thought on the *delivery* of such courses.

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# ROYAL ECONOMIC SOCIETY

# NEWSLETTER

Published quarterly in

January, April, July and October

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## Newsletter - subscription rates

The *Newsletter* is distributed to members of the Society free of charge. Non-members may obtain copies at the following subscription rates:

- United Kingdom £5.00
- Europe (outside UK) £6.50
- Non-Europe (by airmail) £8.00

## Next issue

### Newsletter No. 137 - April 2007

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

**15 March 2007**

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

**16 March 2007**

## 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

## — Editors' Report

*The Managing Editors make their Annual Report to the Council of the Royal Economic Society in November. The 2006 Report was presented on their behalf by Andrew Scott.*

This is the second annual report during my period as Managing Editor. Inevitably in a second year problems become familiar rather than novel; there comes a greater awareness of the challenge of achieving sustained high performance in the face of a relentless wave of submissions and a heightened appreciation of the efforts of past editors. I am glad to say however that with the continued support of the Editorial Board we have either consolidated or further improved across a number of indicators.

- Submission numbers continue to increase leading to a further reduction in our acceptance rate and presumably reflecting an increase in quality.
- Turnaround times improved further so that the average paper was dealt with in under 4 months.
- The journal continued to be ranked highly in the ISI citation index.
- The Conference Volume was successfully integrated into the Editorship of the main journal.

With the current editorial board having been in charge for two years the published papers in the journal are increasingly reflecting our efforts and values. With the editors having achieved a better understanding of the editorial process we look forward to consolidating these gains and hopefully using them as a basis for further improvements in the standing of the journal in the remaining years of our stewardship.

### Editorial changes

After two years as an editor, Jaume Ventura stepped down from this role on June 30th 2006. The editorial board would like to thank Jaume for his contribution as a key member of the new editorial team and particularly for his role in raising the international profile of the journal as a publisher of macro-economic papers. I am pleased to announce that as from 1st January 2007 Antonio Ciccone of Universitat Pompeu

Fabra will fill the vacancy left by Jaume's departure. Antonio's main editorial responsibility will be in the areas of growth, development and international trade. Until Antonio's arrival as Editor, and in the absence of Jaume, I will take on a double load as editor.

There have also been some changes amongst the Associate Editors. Emmanuel Saez resigned as a consequence of his appointment as Editor of the *Journal of Public Economics*. We wish him well and thank him for his assistance. We are pleased to welcome back Marianne Bertrand (Chicago Business School) to the team as an Associate Editor and look forward to being helped by Abigail Payne of McMaster University. The majority of papers submitted are dealt with by the main Editors but the Associate Editors play a critical role in helping with

**Table 1: Geographical Distribution of Submissions 2001 – June 2006**

Region	1 Jul 2005- 30 Jun 2006	1 Jul 2004 – 30 Jun 2005	First Half 2004	2003	2002
UK	110 (17%)	114 (18%)	41 (19%)	108 (22%)	89 (20%)
USA & Canada	213 (33%)	205 (33%)	60 (27%)	156 (32%)	137 (31%)
USA	188	181	54	141	121
Canada	25	24	6	15	20
Europe	224 (35%)	214 (34%)	89 (40%)	160 (33%)	150 (33%)
Belgium	11	4	5	7	9
France	18	14	9	11	10
Germany	52	54	13	29	30
Italy	24	26	15	19	15
Netherlands	28	22	11	24	28
Scandinavia	35	39	14	35	27
Spain	20	24	7	12	18
Other	36	32	15	23	13
Other	95 (15%)	94 (15%)	30 (14%)	68 (13%)	70 (16%)
Australia/NZ	16	20	3	15	16
China/HK	18	7	2	4	9
India	4	5	1	5	2
Israel	12	11	7	11	11
Japan	14	15	6	10	9
Other	31	36	11	23	23
<b>Total</b>	<b>642</b>	<b>627</b>	<b>220</b>	<b>492</b>	<b>446</b>

more difficult decisions and we are grateful for their assistance. In particular we would like to express our gratitude to Jon Temple and Leeat Yariv for their commitment to the journal during this past year.

## Progress over the year

### Submissions

Over the last year (1st July 2005 to 30th June 2006) we received a total of 642 submitted papers. This is a modest increase (2 per cent) from the 2004-5 number and suggests that the increase in submissions that occurred with the introduction of Editorial Express and the online submission process is a permanent state of affairs. Geographically the submissions are nearly identical with last year — one third from North America, one sixth from the UK, one third from the rest of Europe and one sixth from elsewhere. The largest source of submitted papers was the USA (188) followed by the UK (110).

**Table 2: Subject Breakdown of Submissions 2001 - June 2006**

	1 Jul 2005- 30 Jun 2006	1 Jul 2004- 30 Jun 2005	First Half 2004	2003	2002
General Economics and Teaching	13	5 (1)	2	3	7
Methodology & History of Thought	6	6	1 (1)	5 (1)	3
Mathematical & Quantitative Methods	97 (2)	38 (6)	9 (2)	14 (3)	18 (5)
Microeconomics	118 (2)	115 (5)*	46 (2)	88 (3)	77 (8)
Macro & Monetary Economics	87 (1)	82 (3)	25	71 (8)	71 (4)
International Economics	65	80 (3)	34 (2)	62 (2)	36 (4)
Financial Economics	40	33 (3)	12 (1)	28 (4)	27 (7)
Public Economics	36 (1)	35 (2)	14 (1)	27 (1)	24 (1)
Health, Education & Welfare	24	28 (2)	10	21	19 (4)
Labour & Demographic Economics	56 (1)	83 (1)	21 (1)	70 (9)	71 (7)
Law & Economics	5	8	1	6	4
Industrial Organisation	33	29 (2)	11	27	23 (3)
Business Economics	1	4	3	2	1 (1)
Economic History	4	3	3	2	2 (1)
Economic Development	32	52 (4)	15	41 (2)	39
Economic Systems	5	4	2	3 (2)	4 (1)
Agricultural/Natural Resources	5	12	3 (1)	7 (1)	3
Urban, Rural & Regional Economics	8	9	4	9 (2)	14 (1)
Other Topics	7	1	4	11	4
<b>TOTAL</b>	<b>642 (7)</b>	<b>627 (32)</b>	<b>220 (11)</b>	<b>497 (38)</b>	<b>446 (47)</b>

There was however some change in the fields that were submitted. We experienced a very dramatic increase in the field of Mathematical and Quantitative Methods (97 compared with 38 the year previous and 14 before that) although this was matched by a fall in Labour Economics (down from 83 to 56) and Development (from 52 to 32). Whilst disappointed with the fall in Labour and Development the rise of theoretical submissions is pleasing. We have made raising awareness of the *EJ* as a possible outlet for theoretical papers a priority and the figures suggest that these efforts have borne some fruit.

### Editorial processing time

Probably the most keenly observed of our statistics by authors is our editorial processing time (Table 3). While the final numbers cannot be computed (as some papers submitted in the last year have still yet to have their fate decided) the indicators are that we have maintained the rapid turnaround of last year — the average paper receives a response within 13 weeks. Table 4 shows a detailed monthly breakdown of how rapidly these submissions were processed, split by whether a rejection or a revision decision was issued. A total of 231 papers were rejected without being sent to referees and this decision was made within the first month (normally within a week of submission). A further 280 papers received a decision and referee reports within 6 months. As a consequence a total of 80 per cent of *EJ* submissions received a decision within 6 months. While this performance compares well with most journals and the past history of the *EJ* there are some signs that concern the editors. In particular there has

been an increase in the number of papers that take more than 8 months to process. While some long lags in processing papers are inevitable, given our dependence on referees, the increase in this proportion is something we are taking steps to remedy.

One way that we continue to achieve fast turnaround time is through our use of rejecting papers before sending them out to referees — this accounted for 34 per cent of submissions last year. As Table 3 shows use of screen rejects

has risen steadily over the years and predates the current editorial board. With the large increase in submissions that has occurred we feel this is an appropriate policy. Finding good quality and timely referees is always the most difficult task of being an editor and this use of screen rejects relieves the refereeing burden considerably. We also stress that rejection at this stage is rarely about the quality of the paper and is much more based on an Editor's assessment on the suitability of the paper. Most papers at this stage are rejected as it is felt they lack a broad enough contribution to be considered for the *EJ* or are more suited for a specialised journal. Having spoken

to several authors it would also appear that the majority appreciate the rapid turnaround rather than losing six months in a failed submission. However not everyone appreciates the speed and some bemoan the lack of referee reports. On balance it is our intention to continue with this policy although we do not seek to increase the proportion of summary rejects any further.

David Mayes, who bears the responsibility of proof reading papers, has borne a heavy load with this rise in papers published and his continued support is much appreciated.

### Rankings

While processing speed is important in encouraging authors to submit, the most important aspect of the journal is its intellectual

standing in the community. Inevitably the profession has its own subjective views on the relative ranking of different journals but every year ISI produce rankings based on citation statistics. The *EJ* continues to perform well by this criteria. During 2005 the *EJ* was cited 3760 times compared with 3252 the previous year. This led the *EJ* to be placed 7th in the citation rankings and once more classified as a top 5 general journal (behind *AER*, *Econometrica*, *JPE* and *QJE*).

**Table 3: Editorial Processing after Initial Submission**

	1 Jul 05 to 30 Jun 06	1 Jul 04 to 30 Jun 05*	2003	2002	2001
New Submissions Received	642	627	492	446	432
Papers Withdrawn	2	4	6	2	5
Dealt with by editors alone	217 (34%)	182 (29%)	120 (24.4%)	103 (23.1%)	121 (28%)
Sent to Referee:	423	441	365	341	306
Wait for referee's report Returned within:					
1 Month	18%	18%	16%	18%	15%
2 Months	37%	35%	22%	25%	35%
3 Months	28%	27%	22%	24%	24%
4 Months	10%	10%	17%	16%	15%
Even Longer	7%	10%	23%	7%	11%
Average	8.6 wks	9 wks	11 wks	9 wks	10 wks
Time Distribution for all submissions - excluding withdrawals	640**	623	486	444	427
0-1 month	39%	24%	6%	3%	9%
1-2 months	4%	3%	7%	5%	14%
2-3 months	8%	9%	9%	14%	10%
3-4 months	11%	11%	8%	9%	7%
4-5 months	10%	13%	9%	11%	9%
5-6 months	7%	8%	9%	10%	9%
Even Longer	21%	32%	52%	48%	42%
Average	13 weeks**	17 weeks	25 wks	24 wks	21 wks

\*\* These figures are accurate as of 30 September 2006. The final average time distribution for this period is likely to rise as 42 papers from Apr-June 2006 are still awaiting referees reports and/or decisions.

### Acceptances

With the large increase in submissions over the last two years (up more than a third) inevitably our acceptance rate has declined (it now stands at around 8.5%). However even though the acceptance rate has declined the number of papers accepted has increased meaning that while we have achieved a fast turnaround time between submission and an editorial decision there have been increasing lags between acceptance and publication. To overcome this problem we will be publishing an extra issue in 2007 and will also increase the average journal length by around two papers an issue. It is also our intention to further raise standards and gradually lower the acceptance rate further.

### RES Prize and *EJ* Lecture

The RES prize for the best paper published in 2005 was awarded to Christian Dustmann and Tilman Börgers 'Strange Bids: Bidding Behaviour in the United Kingdom's Third Generation Spectrum Auction'. A committee consisting of the RES President, the *EJ* Managing Editor and

Professor Tim Besley of Bank of England and London School of Economics will decide the prize for 2006. The *EJ* lecture at the RES Annual conference was given by Narayana Kocherlakota 'Household Heterogeneity and Real Exchange Rates', co-authored with Luigi Pistaferri. The paper has now been accepted for publication in the conference volume. The 2007 *EJ* lecture will be given by Professor Abhijit Banerjee of MIT.

### Conference volume and features

This last year saw the conference volume edited by Carlo Perroni (Warwick), Steve Machin (*EJ* Features Editor) and myself. This marked a transitional year from the past

arrangement whereby the Conference volume was guest edited. As from next year Steve Machin and I will be editors. We hope this will help integrate the Conference volume more cleanly into the main *EJ*.

Features continues to provide a range of quality papers on important topics under Steve Machin's editorship (see his separate report below). After much discussion it has also been decided to change the *EJ*'s book review policy. With the *Journal of Economic Literature* increasingly becoming the record of note in announcing books published it was felt that the *EJ* should take a different approach. Rather than providing short reviews for a large number of books we will be trialling the idea of focusing on a few key books and having lengthy discussions and debates regarding their content.

## The 'Features' part of the *EJ*

Stephen Machin

Details of the next two issues in November 2006 and February 2007 (provisional) are given below. This is followed by a summary of symposia and stand alone articles that are currently at various stages of the editorial process, plus the current state of the new Book Review Features.

### November 2006 —

#### Profiling: General issues and case studies

'Introduction', Charles F Manski

'Generalising the Hit Rates Test for Racial Bias in Law Enforcement, with an application to Vehicle Searches in Wichita', Nicola Persico and Petra Todd

'Crime Minimization and Racial Bias: What Can we Learn from Police Search Data', Jeff Dominitz and John Knowles

'Search Profiling with Partial Knowledge of Deterrence', Charles F Manski

'Assessing Racial Profiling  
'Steven N Durlauf

'Profiling Problems with Partially Identified Structure', William A Brock

'Welfare Work Requirements with Paternalistic Government

Preferences', Robert Moffitt

'Profiling in Bargaining over College Tuitions', Dennis Epple, Richard Romano, Sinan Sarpca and Holger Sieg

'The Dynamics of Statistical Discrimination', Lawrence E Blume

*The Theory of Corporate Finance*, Jean Tirole. Review by David Webb

### February 2007 (to be confirmed)—

#### Microfinance

'Introduction', C L M Hermes and Robert Lensink

'Using Repayment Data to Test Across Models of Joint Liability Lending', Christian Ahlin and Robert M Townsend

'Social Connections and Group Banking', Dean S Karlan

'Financial Performance and Outreach: A Global Analysis of Leading Microbanks' Robert Cull, Asli Demirguc-Kunt and Jonathan Morduch

'The Effect of Social Capital on Group Loan Repayment: Evidence from Field Experiments' Alessandra Cassar, Lucas Crowley and Bruce Wydick

**Table 4: Letters sent to authors**

Letters inviting revision	Letters of rejection			
	1/7/05 to 30/6/06	1/7/04 to 30/6/05*	2003	2002
Within				
1 month	0	0	0	0
2 months	1	4	0	0
3 months	4	8	0	0
4 months	13	6	1	2
5 months	15	9	2	10
6 months	13	4	5	5
7 months	11	3	8	6
8 months	0	1	8	11
Longer	34	7	33	22
TOTAL	91	42	57	56

## The year ahead

With the papers published increasingly reflecting submissions from the early days of our editorship we hope that the most evident development in the coming year will be our efforts at shaping the intellectual agenda of the journal. Naturally we expect to continue to achieve rapid turnaround, and tackle the increase in longer duration papers. However after two years of our editorship and the new software system the process of publication is now hopefully well understood. In the area of academic publishing developments, we plan to adopt OnlineEarly in 2007. This system will enable papers to be published on the web in their official *Economic Journal* versions quickly upon acceptance rather than having to wait to be allocated to a future issue of the journal, which can involve lag times of a year or more. In addition to speeding the process from submission to publication for successful papers, OnlineEarly has the advantage of increasing the quantity of citations for The *EJ* thereby increasing citation rankings. The *EJ* Editorial Office and Production Editor, David Mayes, will be working closely with Blackwell to co-ordinate this transition in our production system. The priority for the Editorial Board of the *EJ* for the coming year will be further raising the academic quality of papers published and providing stimulating reading for the RES membership.

## Articles

'Firm Heterogeneity, Exporting and Foreign Direct Investment: A Survey', David Greenaway and Richard Kneller

One or two articles currently in editorial process — to be confirmed

## Book Review Feature

*Economic Origins of Dictatorship and Democracy* By Daron Acemoglu and James A Robinson.

## Reviews

Alan Drazen, University of Maryland  
Edward L Glaeser, Kennedy School of Government, Harvard University  
Enrico Spolaore, Tufts University  
William Easterly, New York University

## Articles and Symposia currently being processed

### Features

'Wage Rigidity: Measurement, Causes and Consequences', (Bauer *et al*). Status:awaiting revision from authors.

'Employment Protection Legislation' (Koeniger *et al*) Status: awaiting final few reports from referees (if good, probable June 2007 issue).

'Economics of Wine' (Duncan *et al*). Status: awaiting first drafts from authors.

## Articles

'The New Political Economy', (Besley). Status: awaiting final revision from author.

'Top Income', (Leigh). Status: awaiting first revision from author.

'Data Feature', (Clark and Drinkwater) Status: with referees.

'Patterns of Work Across the OECD', (Faggio Nickell). Status: awaiting revision from author.

'Underground Gun Markets', (Cook *et al*) Status: awaiting comments from Associate Editor.

'Welfare Reform', (Francesconi). Status: awaiting first draft from author

## Book Review Features

Acemoglu and Robinson – *Economic Origins of Dictatorship & Democracy* (February 2007). Status: awaiting reviews from 4 reviewers.

Avner Offer – *The Challenge of Affluence* (June 2007)? Status: with reviewers.

Navaretti/Venables – *Multinational Firms in the World Economy* (June/November 2007)? Status: with reviewers.

# British Academy — UK-Africa awards

grants of up to £10,000 p.a. for 3 years

The British Academy has launched the 2007-08 round of UK-Africa Academic Partnerships. Two awards of up to £10,000 a year for up to three years are available to support the development of ongoing links between UK and African research centres or institutions, within the humanities and social sciences. The link would be built around a specific research theme of mutual interest. This could be carried forward through visits in both directions; workshops; seminars and lecture programmes; collaborative research; and joint publications. The programme might form part of either institution's training programme and will ideally involve participation from more than one African institution, and might also involve more than one department/ university/ group/ research centre in the UK.

The scheme is intended to foster UK-Africa links, with an emphasis on helping scholars in the UK and Africa to develop research skills and to produce a joint research outcome.

Priority will be given to projects with a training element, such as the support and development of staff or postgraduate students (in the UK and in Africa). The scheme is intended to benefit early-career scholars from both the UK and Africa, and projects will be highly regarded where they include junior academics from both sides. Visits might be undertaken for staff exchange, supplying teaching elements to courses and developing joint curricula. Workshops and seminars should form an integral part of the programme, and involve both staff and postgraduate students. Each programme should produce papers or some other joint research outcome designed for publication. If the object of the collaboration is exclusively research, the UK applicant should apply instead to the Academy's Research Grant scheme.

Applicants and participants incurring international travel costs must be scholars of postdoctoral or equivalent status. Normally, postgraduate students will not be eligible for travel between UK and Africa. For administrative purposes, the principal applicant will be the UK partner. However, all applications will be jointly prepared by the two partners, and African individuals and institutions are encouraged to initiate proposals.

### Closing date: 5 February 2007

Decisions will be announced in early July. For further information and an application form, please visit:

<http://www.britac.ac.uk/funding/guide/intl/africaap.html>  
or email: [africa@britac.ac.uk](mailto:africa@britac.ac.uk) or call 0207 969 5235.

# Letter from France

# L'environnement et l'économie

*Alan Kirman, GREQAM Marseille, looks at the movement of environmental issues up the political agenda in France*

The environment is back in a big way in France. You cannot open your newspaper nor hear a speech from the candidates for next year's presidential election without being treated to a discourse on the future of the global environment. The growing awareness in France of this problem, can be judged from the relatively modest attention that was paid to the 'Guesnerie Report' on the environment commissioned for the Conseil d'Analyse Economique, something like the Council of Economic Advisors, three years ago, and the enormous amount of comment on the Stern Report this year. Without wishing to insult Nick Stern, nor to flatter Roger Guesnerie, remember we are talking about French reaction, I suspect that the difference was in large part due to a sort of phase transition in the awareness of the subject even in 'La France profonde'. This view is comforted by the fact that Al Gore was invited to present his film, *An Inconvenient Truth*, to the French Parliament this year.

## Some background.

France was once the pariah of the ecologists since it generates 80 per cent of its electricity in nuclear power stations. In the advanced countries electricity generation accounts for a major part of CO<sub>2</sub> emission and France had a headstart thanks to its nuclear installations, producing only half the CO<sub>2</sub> emissions per capita of the U.K. This has been a significant problem for French ecologists who were previously bound together by their anti-nuclear stance. Many of those in this movement have started to revise their position, but the opposition to the installation of ITER the international fusion project at Cadarache, a few miles from my home, came from a handful of 'irreductibles' for whom the very word 'nucléaire' is still anathema. The dream of unlimited clean energy seems however, far off and the debate is now concentrated on much more immediate matters. There is a clear agreement amongst French scientists that the impact of manmade emissions is having a significant effect on the environment. However, there are still one or two who argue like Claude Allegre, a former minister of education, and a distinguished geologist, that we cannot be 100 per cent certain that the characteristics of the recent climatic time series owe anything to manmade emissions and therefore should wait before taking any measures. This for an economist seems curious, and one wonders what would have been the policy towards smoking if such an attitude had been adopted. Incidentally, smoking will be banned in bars and restaurants as from February 1st 2007, and the symbol of the Frenchman propped up at the bar with a megot between his lips will become history.

## Proposed measures

The discussion at the national level has been concentrated around a few issues. There is general agreement that the sort of quantity controls used in the Kyoto agreements have to be achieved, at least in part, by fiscal measures. The proposal common to the presidential candidates who have declared themselves so far, is for a carbon tax, though whether this should be imposed on manufacturers or consumers is a subject for debate, and despite careful explanations as to the incidence of such a tax, the positions coincide with what one might expect from the right and the left. There is one voice against the carbon tax, and in particular against the increase in the price of petrol that it would engender and it is that of Arlette Laguiller an indefatigable candidate of the extreme left. Her argument is clear, 'I represent the workers and do not care about "the general interest"'. This tax will hurt my constituency and therefore I am against it'. This is a pure redistribution argument and, of course, without compensatory measures such as cheap public transport or a reform of the income tax schedules clearly has some weight.

Another line of argument has been that associated with the trading of pollution permits. The most basic economic reasoning would suggest that such a market should increase the efficiency of the allocation of pollution reductions. There are many reservations which include the correct accounting for externalities etc. but what is most interesting in the present context is that France has been criticised by the European Commission for giving too many permits in the initial allocation to big firms. This is a reflection of the weight of these firms in terms of their lobbying influence on the government, and indeed until the alarm was sounded, the proposition for next year was to increase the allocations! The way in which the initial allotments of permits should be attributed is one which has provoked a lot of debate amongst economists and game theorists but an analysis of what is happening in France cannot ignore the political aspect. In fact, French policy has been accused of destabilising the market for pollution permits.

Moving beyond the carbon tax and the market for permits many measures have been proposed to limit energy consumption. There are subsidies for the installation of 'cleaner' heating systems, for better insulating systems, allowances for buying cleaner cars, and many others. The French are not happy about the attention paid to the Toyota Prius since they point out that Renault which has a stranglehold on the market for cheap low pollution cars is not receiving the credit it deserves. Renault and Peugeot-Citroen produce two thirds of the cars that generate less than

120 grammes per kilometer on the European market. The two basic models from these two manufacturers produce 108 grammes as opposed to the 107 grammes of the Prius.

Another cause that has been seized upon by the current government and by the socialist candidate Segolène Royal, is that of the production of bio-ethanol fuel (E85). Pointing to the example of Brazil, it is argued that France could significantly reduce its greenhouse gas emissions by producing a fuel which is 85 per cent ethanol, and 15 per cent petrol. This fuel is essentially alcohol from vegetable sources and a little petrol. It seems more appealing than the more modest bio-diesel which consists of a small percentage of vegetable oils added to diesel fuel. It is this that is currently available at garages in France. The government has as its goals 5.75 per cent of fuel for cars from bio sources by 2008 and 7 per cent by 2010. Yet where is the reality? Bio-ethanol needs engines specifically designed for it and they make up 0.2 per cent of the current French car pool. Worse, the production of a litre of this fuel necessitates 0.8 litres of fossil oil. The reduction in greenhouse gases is three times more costly than that achieved by the use of bio-diesel. Why is this? The current production of ethanol is realised in France from grains and sugar beet, both cultivated with intensive use of fertilisers which are produced in an energy intensive way. Furthermore the distillation of the alcohol uses yet more energy. What then about Brazil? Brazil produces its ethanol essentially from sugar cane for which fertilisers are little used, and the energy necessary for the distillation process is obtained from burning the rest of the sugar cane. Although the agricultural sector in France has welcomed the arrival of bio-ethanol it is far from clear that it is in the general interest in the current circumstances.

### The 'pacte écologique'

A feature of the French political landscape this year has been the arrival of Nicolas Hulot, a popular television presenter and a potential ecological candidate for president. He has proposed an ecological pact which contains a certain number of propositions. The threat is that if the major party candidates do not accept his propositions he will, himself, stand. Surely this should not be a real menace. But for those who have forgotten it may be worth recalling the trauma of 2002. In 2002 Jean-Marie Le Pen, a candidate from the extreme right was runner up to Jacques Chirac in the first round and Lionel Jospin the socialist candidate was eliminated. The poor showing of Jospin was, in part at least, due to the presence of many candidates on the left, who split the vote. Already some of those who stood have withdrawn, but the threat of a popular 'green' candidate has raised all the old spectres. Segolène Royal has already agreed to sign the pact and it remains to be seen what Nicolas Sarkozy the probable candidate from the right will do.

The *pacte écologique* requires the nomination of a deputy prime minister who would be responsible for the environment, the imposition of a carbon tax which would increase over time until the emissions from cars were reduced to a quarter of their current levels, Subsidies to incite major

consumers such as public canteens to use more organic and local products. Finally there is a promise to promote a continuing debate and to educate children to make them more conscious of environmental problems. The only sticking point here would seem to be the carbon tax with its distributional consequences. However, for the right, all this smacks of interventionism. The question for them is simply to what extent it is worth trying to recover some of the votes of the environmentally conscious, at the risk of antagonising car owners. We can probably safely exclude the hypothesis that longer term national interests might also play a role.

### Local policies

An argument that has been put forward by a number of environmental economists is that in some countries such as the U.S., public opinion, especially at the local level has moved faster than that of policymakers at the national level. As a result, a number of local or state authorities have taken steps to reduce emissions within their territory. Indeed, they have sometimes gone beyond the reductions implied by Kyoto. In the US there are many well-known examples but in France the same phenomenon is appearing. Many major cities such as Paris and Marseille, are building tramways, buying buses which run on GPL, and using small local electric buses for short distance public transport. In Paris, there has been a lot of opposition to the new bus lanes which make it difficult to drive, and nobody has had the courage to say outright that this is precisely the intention. Urban economists have argued that the construction of tramways is not the most efficient way to ensure the rapid transport of large numbers of commuters and that their existence impedes the flow of traffic in city centres. Again, there are clearly different objective functions at work.

A more contentious issue has been the proposed introduction of a traffic tax in Paris. The basic facts are simple, 20 per cent of the inhabitants of Paris own cars and traffic accounts for 60 per cent of air pollution. Some economists have claimed that the current measures are inefficient, since obliging cars to move more slowly increases the pollution beyond the levels generated by more cars moving faster. However, independent assessments of the pollution levels on the major thoroughfares that have been modified, such as the Champs Elysées and the Boulevard de l'Hopital for example have shown a significant reduction in pollution over the last two years. This holds, even conditioning for the improvement in emissions due to the renewal of cars. An opinion poll taken by *CSA-Nouvel Observateur* in September showed that 52 per cent of Parisiens were in favour of the mayor's policy to reduce traffic in Paris and only 22 per cent were against. More surprisingly the same poll taken in the neighbouring departments where the metro and buses are less accessible revealed that 50 per cent were for the policy and 33 per cent against.

The road tax could be implemented in a number of ways and the argument against such a tax has been mainly based on its regressive nature and distributive consequences.

This argument has been analysed in depth by numerous economists, (see for example, Layard (1970), Foster (1974), Arnott *et al.* (1994), De Palma and Fontan (2001) and Raux and Souche (2004)). Safirova *et al.* (2003) studied this problem for Washington DC, which of course has many differences from Paris.

A recent paper by Glashant (2006) following up on an earlier study, (Glashant and Bureau (2004)), analysed the problem econometrically, using as a basis the estimated tax necessary in each of several scenarios necessary to achieve a 20 per cent reduction in traffic. His calculations are based on an estimated cost for the time lost in a journey and the payment of the tax. The value of the time varies with income. He found that introducing a fixed tax on each car journey in the whole of Paris, sufficient to achieve the 20 per cent reduction would increase the average cost of a journey by 0,80 and that this was independent of the income of the motorist. The latter holds true for a tax covering the first 10 arrondissements but the cost per journey drops to 0,65. Thus these measures are, of course, regressive but do not engender any perverse redistribution..

An alternative proposal is to introduce a road tax for entry into Paris, this 'cordon tax' has two disadvantages, it increases the average cost of a journey to 0,95 and the cost is significantly less for higher income motorists. Finally, a zone tax with an exemption of 90 per cent for residents as in London is also extremely favourable to high income motorists but clearly the average cost per journey is less. This should give pause for reflection to those on the left and might persuade the right to overcome its visceral dislike for such measures.

In this context it is worth mentioning the last argument raised by the socialist mayor of Paris which is that a tax might 'isolate', even more, those living in the suburbs and that public transport would have to be made more adequate to prevent this from happening.

All of this suggests that the arguments for a reduction in traffic is being taken very seriously at the local level and that, at least in Paris, public opinion is favourable to this evolution. Whether the basic motive is a reduction in congestion or a reduction in pollution remains a moot point.

## Individual attitudes

Having seen how individual attitudes to traffic have developed, it is worth briefly looking at another area where a change in public opinion has occurred in France. A cornerstone of the arguments advanced by the 'greens' in France has been the need to encourage 'organic' farming. That this has caught on is evidenced by the sharp increase in the sales of products carrying the official label 'AB' for *agriculture biologique*. The Institut National de Recherche Agronomique in 2000 made a detailed review of the costs and benefits of more environmentally friendly agricultural practices (Bellon *et al.* (2000)). Whilst noting the growing concern among consumers about the way in which their food is produced they observe that more extensive farming with the use of rotation rather than fertilisers, is necessar-

ily more costly and less productive. However, as the externalities of current practices become more apparent, the estimates have been revised. In some regions of France such as Brittany, some communities have been obliged to supply bottled water to schools since the tap water no longer meets standard requirements. This is, in large part, due to poisoning of the water by chemicals used in agriculture. Leaving to one side the question as to whether these areas should be farmed at all, two aspects of this problem are of interest. Firstly, the French unlike the Germans and the British, regard the ultimate guarantee of quality to be knowledge of the precise source of the food, (the name of the farm where a pig was raised, for example.) In other countries it suffices to know that the farms were subject to certain controls. The French Academy of Agriculture is proposing a study to understand the nature of this difference. For the economist what is fascinating is not so much the information required but the underlying preferences that generate the demand for the information. Those who have been convinced for the need for more psychology in economics will find food for thought here.

The second angle also stems from psychology. Consumers in France, with lower income levels have shown in surveys that they choose not to buy AB products even when priced at the same level as conventional products. They are apparently so convinced that AB products must be more costly to produce that they suspect that they must be of inferior quality if the price is the same. For the moment these problems are minor since AB products account for less than 5 per cent, the current target, of total production.

## Conclusion

The French are becoming increasingly aware of environmental problems. The nature of the presidential contest is driving both of the principal candidates to trying to pick up support from any opinion group, in order to eliminate minority candidates and thereby to avoid any risks of not making it into the next round. Thus, there is a lot of gesturing towards the greens and the environmental lobbies. Yet it is difficult to deny that this delicate voting game reflects an underlying reality and the various manifestations at the local level, where elections are much further off, show this. However, voting is a multi-dimensional problem and if the two candidates are sidling closer to each other on the environment they cannot help revealing their true colours on other issues.

When Johnny Halliday, a popular French singer announced the other day that he was taking up residence in Switzerland, for tax reasons, the reactions were instantaneous. Sarkozy, immediately announced that he understood the decision, since taxes are too high in France. Royal, on the other hand, admonished Halliday in Kennedy like tones suggesting that M. Halliday should not forget the investment that La France had made in him and that the poor would suffer from the loss of tax revenue from him 'et de ceux comme lui'.

*cont on p.13.....*

# News from the Economics Network of the Higher Education Academy

## Award results 2006

The winners of the sixth Learning and Teaching in Economics Awards have been announced. The scheme, run by the Economics Network, seeks to recognise and reward exemplary practice from within the academic economics community.

- Dr. Dean Garratt from Nottingham Trent University has been awarded the Outstanding Teaching award.
- The eLearning award was given to Dr. David McCausland from Aberdeen University (see below, this page).
- The Student Nominated award was shared between Dr. Maksymillian Kwiek from the University of Southampton; Prof. Robin Naylor from Warwick University and Mrs Alison Wride from Exeter University.
- The panel also awarded two special commendations to Dr. Ben McQuillin from the University of East Anglia and Ms Juliette Stephenson from Exeter University.

Further details can be found at:

<http://www.economicsnetwork.ac.uk/awards/2006.htm>

## New staff

### *Associate Directors*

Rebecca Taylor, Head of the Economics Division at Nottingham Trent University and Director of the METAL FDTL5 project (see p. 13).

<http://www.economicsnetwork.ac.uk/contact/rebecca.htm>

Wyn Morgan, Associate Professor in the School of Economics at the University of Nottingham and Associate Director in the Centre for Excellence in Teaching and

Learning for Integrative Learning also at the University of Nottingham

<http://www.economicsnetwork.ac.uk/contact/wyn.htm>

Rebecca and Wyn are available to visit departments to discuss issues related to teaching and learning.

### *Associates*

We also have 12 new Associates of the Economics Network. The role is to promote the activities of the Network and occasionally to run events. Further volunteers are welcome. Please contact us at the Network.

<http://www.economicsnetwork.ac.uk/contact/associates.htm>

## Workshops for new lecturers and GTAs

ECON-LTSN has recently run two workshops for new staff. The first was for graduate teaching assistants and was held in Nottingham. The day-long workshop focused on seminar management, under the assumption that most GTAs would be taking seminars whose content has already been decided by the module leader.

The second was a two-day residential workshop in Bristol for new lecturers and focused on lecturing, taking seminars and workshops, module design, assessment, the use of VLEs and classroom experiments. Nearly 30 new lecturers attended the workshop. The event allowed new lecturers to discuss teaching/learning issues with other economists and they found this valuable given that university PGCHE courses are generic.

The same two events are planned for next year in mid-September and mid-October respectively. There will be no charge for the events. Reasonable travel expenses will be met and accommodation provided for the residential workshop. Further details will be available on our website closer to the time.

Suggestions, feedback and requests for information should go to: Bhagesh Sachania, Information Officer, Economics Network, Email: [b.m.sachania@bristol.ac.uk](mailto:b.m.sachania@bristol.ac.uk)

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## LiveEcon author scoops national prize

The co-author of interactive economics e-learning tool *LiveEcon* has won a prestigious national award for his innovative teaching at the University of Aberdeen. Dr W David McCausland, a senior lecturer in economics, has beaten off fierce competition to win the Higher Education Academy's Economics Network eLearning/Electronic Resource Award. Dr McCausland was singled out for his work encouraging students to help develop *LiveEcon* as part of their assessment.

Over 500 undergraduate economics and postgraduate MSc Finance and Investment Management students at the University of Aberdeen have tested *LiveEcon* in specially designed workshops in the past five years. The students' comments and suggestions have been incorporated into

subsequent versions of Macroeconomics Principles and Macroeconomics Intermediate, which have been taken up by 14 other universities in the UK. *LiveEcon* has also been adopted in institutions in Australia, India and Europe and is being launched in the USA next year.

Director of The Economics Network, John Sloman, said that Dr McCausland was a worthy recipient of the prize. 'The eLearning award was given to David for his innovative use of eLearning at Aberdeen, including his role in the development of the *LiveEcon* interactive courseware. *LiveEcon* is a powerful, attractive and highly interactive product and the panel was impressed by the work that David had undertaken in producing this pathbreaking software.'

*LiveEcon* has been developed by The Enterprise Library. More information can be found at <http://www.liveecon.com>.

# Economics and the media

*Following Angus Deaton's account in the October Newsletter of the media treatment of a recent research paper which brought together the characteristics of height and intelligence, Tim Harford makes some suggestions for raising the profile of economic research and improving its reporting. Tim is a columnist for the Financial Times and Slate, presenter of the BBC2 series 'Trust Me, I'm an Economist', and author of The Undercover Economist.*

It is not nice to have your spouse abused by deranged strangers. So I was impressed by Angus Deaton's thoughtfulness in reporting on the hate mail received by his wife Anne Case, and her colleague Christina Paxson (Issue 135). Their misfortune was to have their NBER working paper discovered by the press corps, and reported as discovering that 'short guys are stupid'. Whether short guys are stupid or not, Case and Paxson have public email addresses and phone numbers and quickly discovered that short guys are short-tempered.

I write the sort of popular media reports that provoke this sort of hate mail, and I should know, because my sense is that the hate mail usually comes directly to me. I am used to it, but it still hurts. Case and Paxson have my sympathy.

Nevertheless I want to argue that academic economists should keep trying to win media coverage of their work. That work is important — or should be — and deserves to be widely appreciated.

We economists should be the first to spot a biased sample when we see one: people who send hate mail are outliers. I have realised that I could save myself some heartache if I asked *Slate* and the *Financial Times* to tone down their headlines, since the abusers rarely read my columns. But I don't, because I know that for every idiot who fires off a silly email to me, there are a thousand readers who read my words because the headline grabbed their attention.

For example, Angus complains that the Washington Post excised the words 'on average' from the quotation, 'Taller people are smarter'. But I can see why they did: because 'on average' is implicit in most statements in the social sciences and it is boring. To the extent that the redundant qualifier would have deflected any abuse it would also have deflected interested, thoughtful readers. And after all, Case and Paxson's paper does say that taller people are smarter. What we all want is for readers to look a little deeper and find out why.

In fact I am rather hopeful about the standard of media reporting of economics. Interest in the subject has rarely been higher, and for the people with the time and inclination to appreciate any subtleties in the argument — readers of the *New York Times*, *Financial Times*, *The Economist*, and so on — demand is bringing forth supply: 'Economic Scene' in the *New York Times*, written by Tyler Cowen, Robert Frank, Austan Goolsbee and Hal Varian;

'The Financial Page' in the *New Yorker*, by James Surowiecki; 'Economic Principals' by David Warsh; 'Freakonomics' in the *New York Times Magazine*, by Steven Levitt and Stephen Dubner; and 'Economics Focus' in *The Economist*. The *Financial Times* publishes John Kay and my own 'Dear Economist' and 'Undercover Economist' columns; *Slate* runs columns by Joel Waldfogel and Steven Landsburg as well as syndicating 'Undercover Economist'. And that is just the microeconomics.

These writers know their averages from their marginals. The majority are economics professors. Even for those of us who are not academics, I think a love of the subject ensures that we try hard to get it right.

So let me turn the question around. Here is a capable crowd of writers with a large and thoughtful audience. What can academic economists do to take advantage of this resource?

Angus points in one direction: learn from the way the NBER 'publishes' economic research. Case and Paxson achieved notoriety through an NBER paper, and NBER is the key channel through which academics reach the media. Journalists are in a hurry. In the past fortnight I have been scooped on NBER papers by my own colleagues Steven Landsburg, Joel Waldfogel (twice) and *The Economist*. I cannot wait for the *AER*.

The journals, as Angus rightly says, need to do better. NBER is fast, presents user-friendly summaries of hundreds of pages of research, and every journalist receives the email alert at the same time. It is also free to journalists who ask politely.

The *Journal of Political Economy*, the *Quarterly Journal of Economics* and the *AEA* journals all refuse requests for free access — if they bother to acknowledge them at all. For a professional economics columnist it is worth the expense to subscribe to the *AEA*, but not the entire library. *The Rand Journal of Economics*? *The Journal of Law and Economics*? *Oxford Economic Papers*? There have to be limits, and for a reporter with a wide beat, those limits are tighter than you think.

But journals will always be on the slow side. Academic departments could easily use off-the-shelf web-based services to alert any interested party to working papers as they become available. Some entrepreneurial economists — too few — email me to alert me to interesting work. More than

once they have been rewarded with an audience of several hundred thousand readers — including a few spiteful emailers, no doubt. I hope they thought it was worth it.

Most of all, academic economists should look at what my journalistic colleagues do, week in and week out, and learn a few tricks. A column from Surowiecki or Goolsbee will put research into context, explain what was discovered, and how, and explain to busy readers why they should care — all in 1000 words or less. That is a skill all of us should want to master.

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## Cash Boost for Economics in Scotland

The newly formed Scottish Institute for Research in Economics (SIRE), which brings together researchers from ten Scottish Universities, has secured funding of £21million. The Scottish Funding Council (SFC) has awarded SIRE £9.4 million, with additional funding from the ten participating universities — Aberdeen, Dundee, Edinburgh, Glasgow, Heriot-Watt, Napier, Paisley, St Andrews, Stirling, Strathclyde. SIRE will use the funds to recruit 36 world-class researchers (18 professorships and 18 lectureships) as well as supporting the development of collaborative research and training activities.

SIRE, directed by Professor John Moore, will create a forum for collaboration on key areas of economics research. The initial focus is on three thematic programmes — behaviour, incentives and contracts; work and wellbeing; and macroeconomics, financial linkages and the regions. Commenting on the Institute, Professor Richard Blundell — a member of SIRE's International Advisory Board — said:

SIRE is an imaginative and exciting development aimed at placing Scotland in the premiere league of economic research worldwide. It is a tribute to the historic position Scotland holds in the foundation of economic science and to the calibre and energy of the new generation of researchers in Scottish universities.

SIRE is the fifth research pooling scheme to have received funding from the SFC. It is noteworthy that the SFC award to Economics exceeds that of its predecessors in Physics, Chemistry, and Geosciences, and is exceeded only narrowly by the award to Engineering & Mathematics.

For further information see:<http://www.econ.ed.ac.uk/sire/>

...cont from p.10

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## New teaching and learning resources

### Mathematics for economics

METAL is an FDTL5 HEFCE funded project that aims to maximize student attendance, engagement and participation in mathematics for economics through the provision of an accessible and fully interactive toolkit of varied and flexible resources.

The project website will provide a selection of resources including 30 video clips that relate mathematical concepts to real world scenarios, an online question bank that provides millions of subject specific question realisations and ten teaching and learning guides that offer approaches and activities to engaging level 1 students in mathematics for economics.

#### Call for reviewers -

The project is due for completion in December 2007. Resources will be disseminated from September 2007. Anyone interested in reviewing the resources and providing some feedback please contact Dr. Rebecca Taylor at [Rebecca.Taylor@ntu.ac.uk](mailto:Rebecca.Taylor@ntu.ac.uk)

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## Electronic job market for economists (JME)

The European Economic Association has recently agreed to host and promote an electronic job market. The aim of the facility is to improve mobility and matching, especially for young researchers seeking their first job. The facility is a development of one by the Spanish Economic Association. It is now operational and can be found at [http://www.barcelonaeeconomics.org/aee\\_job\\_market/](http://www.barcelonaeeconomics.org/aee_job_market/)

The system requires independent inputs only from the demand and supply sides of the market — the EEA plays no role except maintenance. As a head of an economics department or research group you may wish to use this facility to advertise any vacancies that you may have.

The service is free and your vacancies can be maintained by yourself — you may add, amend or delete as you wish. Your vacancies will automatically be sent to job searchers who have signed up for the service.

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# Economics Students 2006: More Positive about Learning More Critical about Teaching

*The Economics Network conducted its third national online survey of economics students in March-April 2006. Nearly two thousand students from sixty-nine departments took part in the survey, including both undergraduate and postgraduate students.*

The questions were changed from the 2002 and 2004 surveys to avoid duplicating the ones included in the National Students Survey, which has been offered to all undergraduate students in the UK since 2005. The Economics Network's Advisory Group was in favour of having a subject-specific, qualitative survey, that will provide information on students' perceptions of studying economics at various levels of study. The survey was intended as an observational study and not as a controlled experiment.

John Sloman and Inna Pomorina designed questions for the survey, which consisted of 2 sections ('About you' and 'About your degree course') and included 30 questions, both quantitative and qualitative. All quantitative questions were mandatory, but open-ended questions were optional, which has affected the number of replies for each question. At least a third of the respondents answered all questions, with some questions answered by all respondents. Our respondents were predominantly male, aged from 18 to 21, with A-levels in Maths and Economics, with English as their first language and Economics being their first choice of course.

## General impressions

Three quarters of the students say the degree course has met their expectations. Those who answered negatively to this question were asked to explain in what ways the course differed from their expectations. Among the main themes highlighted, judging by the number of times this issue was mentioned, were: Maths and A-level Maths; course content (and its relevance to the real world); the quality of teaching; and the level of support for students. 'A lot more maths than expected' is one of the most frequent comments. Another 'Teaching quality is not as good as I expected.'

Overall, about three quarters of respondents were satisfied with the quality of their degree course. Among the comments: 'Very, very satisfied, this is one of the best economics departments'; 'Not dissatisfied but feel that easily more could be done to improve it'.

When asked how their course has changed them, many students gave positive replies: 'For the better. I look at everything in the world, and think economics. It changes the way you think, into a more rigorous analytical mindset' or 'It made me realise that there's a great deal of pleasure in actually understanding something.'

Among the most frequently mentioned best aspects of courses are the quality of staff, the variety of modules to study and future job prospects. 'Some of the lecturers are really good, they encourage you to learn and understand and are very good at explaining difficult concepts.'

The quality of teaching is also a major factor drawing negative comments. 'Bad lecturers should be trained'. 'I am not choosing some of the modules next year specifically because of who is teaching them. The subjects interest me, but I don't think I could handle another year of these 2 particular lecturers.'

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**“ A majority of students reflect on their learning and are very articulate about it. They recognise the problems that staff are facing, with pressures of doing research and teaching large classes, but they also want their critical voice to be heard. ”**

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## Specific issues

We gave students a list of activities, from formal lectures to informal work with other students, and asked which they find useful in supporting their learning. Most of the activities were rated 'useful or very useful' by at least half the respondents. The breakdown of these responses can be seen in the full report..

A majority of students reflect on their learning and are very articulate about it. They recognise the problems that staff are facing, with pressures of doing research and teaching large classes, but they also want their critical voice to be heard: 'Better lecturers, who are able to speak eloquently so you can understand, especially seeing the amount of money we pay'. 'Lectures should be held by researchers who have an inclination for teaching. Lectures held by professors that are interested just in their own research are quite unuseful and unsatisfactory'.

'I believe that all lecturers should participate in some form of teacher training. This would benefit the students,

as the lecturers will be communicating their ideas with a more patient approach and be able to express their ideas in different ways. This may help people who do not have conventional learning styles and increase the approachability of the lecturers’.

In seminars/tutorials/small classes, a vast majority go through pre-prepared problem sets or worksheets. At the same time more than 80 per cent rarely or never have experiments, simulations or role-play in seminars. Those who do have them rate them highly: ‘I quite enjoy role-plays, exercises in class’. ‘Best activities — role play and games.’

When asked how the seminars could be improved, students suggest running seminars more frequently and interactively, making groups smaller and organising them according to the students’ ability levels, as well as changing the content/structure of seminars.

The quality of teaching is mentioned very often, especially with respect to Graduate Teaching Assistants, where issues around their English language and pedagogical skills are raised: ‘Less of a language barrier with seminar teachers to provide a greater understanding’. Many students also stress that they do not have seminars in their second year, so ‘More of them would be a start!’

The issue of teaching maths and stats for economics students continues to be a controversial one. About half of the respondents find the teaching of maths and stats in their course to be good, another third say ‘some good, some not so good’ while one in ten perceive it to be ‘poor’ and one in twelve to be ‘generally not very good’. A typical comment is ‘The quality of teaching of maths and stats varies greatly in my course. There are lecturers from both end of the spectrum’.

A majority of respondents found degree content largely relevant to the real world and the workload about right.

Students also agree that the assessment on their degree accurately tests the level of their knowledge and understanding of the learning outcomes. Among the different forms of assessment, essays in the students’ own time are

frequently used by the majority of respondents. Many students rarely or never encounter essays done in class (9 out of 10 say ‘rarely or never’), online assessment (7 out of 10) or group work projects (half of respondents say ‘rarely or never’).

A large group of students has yet to experience e-learning. One in five report that online learning using the Web is not available in their courses, while two-fifths do not use economics software and two fifths also do not use (formative) online questions or tests.

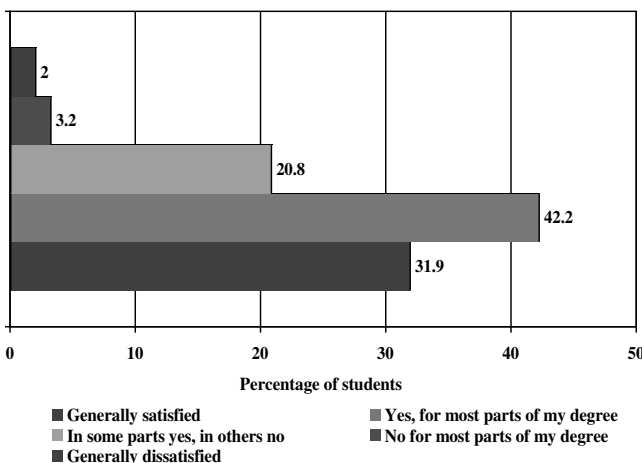
Use of Virtual Learning Environments (VLEs) is spread more widely: more than nine out of ten respondents have access to materials posted by the lecturer on a course VLE or website. Students find VLEs useful and the only complaint they have about them is lack of interactivity: communication tools (e.g. discussion boards) are not available to every third respondent. A typical comment is, ‘It has been effective in providing lecture and other materials. Further to this there is no other use.’

‘Improvements could be made through making use of other tools, such as discussion boards, possibly with lecturers allocating some time for an online questions and answer session, but also for students to be encouraged to use discussion boards, as they are left unused.’

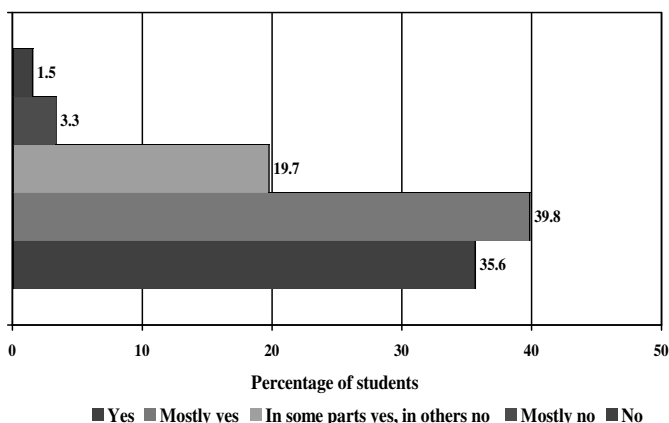
When asked about aspects of the degree that could be improved, respondents again raise their concerns about teaching quality. They would like to see more interested lecturers, better explanations of the material, less language-related barriers. Among the comments: ‘Better lecturers that can hold your attention and make you look forward to your lectures’. ‘Some lecturers just do not care, they won’t help you with work and some seem annoyed when you go to them for help. Others are very helpful though’. ‘The lecturers’ interest in teaching?’ ‘Hope this survey results will reach my teachers.’

The full national report is available at <http://www.economicsnetwork.ac.uk/projects/surveys>. Specific queries regarding the survey should be sent to Dr. Inna Pomorina ( [inna.pomorina@bristol.ac.uk](mailto:inna.pomorina@bristol.ac.uk)).

Overall, are you satisfied with the quality of your degree course?



Has studying this degree course met your expectations?



# Correspondence

Sir,

Andrew Oswald's contribution to the last *Newsletter* on the possible contrast between journal reputations and the quality of research published, via consideration of the difficulty of advising junior staff on a journal paper submission strategy, leads me to ask whether the exclusivity rule (only submit to one journal at a time) imposed by all economic (and other scholarly) journals is (a) legal and (b) desirable.

Legally, under the 1998 Competition Act (reflecting article 81 of the Treaty of Rome), actions that prevent, restrict, or distort competition infringe the Chapter 1 prohibition. With all journals demanding exclusivity there may be some (implicit) collusion that infringes this prohibition. As journals do not have to compete in terms of turn round times for articles once submitted (except in terms of possible reputational effects), there is no competitive pressure encouraging the efficient or speedy considerations of papers. Most of us have experienced, on occasion, very lengthy turn round times. It is ironic that a profession that has for long extolled the virtues of competition, and more than any other is responsible for anti trust legislation, appears to be built upon such a non competitive foundation.

Although one may well see why exclusivity is in the interests of the journals, it is not at all clear that it is in the interests of the authors. In particular new staff, especially probationary staff, have to establish reputations through publications in a fixed time frame. For such staff, under exclusivity, there may well be a trade-off between the desire to publish in the best journal and the expenditure of valuable time that an unsuccessful application will require. For more established members of staff with a pipeline of publications there is perhaps less of a problem, but the considerations are still relevant.

It may well be that in the absence of the exclusivity rule and in the face of competition in turn round times that the world of academic publishing would be different in many ways ( e.g. payments to referees, payments by authors, restricted exclusivity) but such is the ill wind of competition.

Professor Paul Stoneman  
*Warwick Business School*  
*University of Warwick*

Sir,

The *Newsletter* always contains material of interest.

Sometime before World War II, I believe c.1939, we were offered the opportunity to get life membership of the RES for \$150.00. I accepted. Perhaps the best investment I ever made — even allowing for the ever-more-complex articles I cannot understand. (Or need to).

The profession differs profoundly from my first days as a graduate student here at Columbia in 1935. The world has progressed beyond measurement — the numbers cannot embrace much of significance (mostly net benefit).

Often I wonder whether economists have made a net contribution. One can hope — and some (alas not I) have hope in prayer.

Sincerely,

Professor C. Lowell Harriss  
*Professor Emeritus*  
*Columbia University*

[See also opposite — Ed.]

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## European University Institute, Florence PhD opportunities

The PhD programme in Economics offers excellent opportunities for the most talented young economists. Students are offered extensive training — both in terms of courses and in terms of guidance for their independent research. They attend a full sequence of courses in macroeconomics, microeconomics and econometrics at the PhD level and a wide selection of advanced optional courses. They are guided through the programme under close supervision from experienced senior academics of international reputation. **All students admitted to the programme are awarded full financial support.** Career prospects are excellent as well: many of our alumni are now prominent academics or working in high profile jobs at leading international institutions.

There are weekly seminars in all main fields, a large number of high profile short-term and long-term visitors, and many international conferences.

More information and application procedures can be found at <http://www.eui.eu/ECO/>.

The deadline for applications is **31st January 2007**

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## People on the move

*University of Cambridge, Faculty of Economics*

Announces the appointment of Dr Thomas F Crossley and Dr Sanjeev Goyal to Readerships from 1 July and 1 September 2006 respectively.

*Bristol Business School*

*University of the West of England*

Dr Peter Howells, appointed Professor of Monetary Economics from 1st January 2007.

## Harvard in the 1930's

Professor Lowell Harriss has sent the following record of spending for a fellow classmate at Harvard in the early 1930s which he says was similar to his own. The figures include the cost of a car acquired in 1933. The exchange rate at the time was c.£1.00:\$5.00. Lowell Harriss's comment was '...and we lived well!'

<i>Items of expense</i>	<i>1931-32</i>	<i>1932-33</i>	<i>1933-34</i>
Tuition	410.00	410.00	413.00
Board and food	352.00	337.00	341.76
Travel, car* and phone	94.00	215.91	162.67
Clothing and repairs	82.00	47.87	142.73
Rent (and electricity)	306.00	278.00	107.58
Amusements	27.00	60.76	63.87
Life insurance	—	—	41.25
Laundry	30.00	29.55	30.01
School supplies/stationery	23.00	15.42	21.47
Telephone and telegram	—	—	18.72
Postage	29.00	20.56	18.33
Athletic participation	39.00	29.97	18.25
Presents/gifts	13.00	12.79	13.15
Doctor/dentist etc.	13.00	10.00	12.15
Toilet articles/haircuts	13.00	12.30	9.80
Photography and film	—	—	9.37
Banking charges	—	7.12	8.47
Books	25.00	8.98	8.00
Trucking	—	—	7.00
Hotel expenses	—	—	6.25
Shorthand lessons	20.00	30.30	6.15
Jewellery - watch repairs	—	3.35	5.25
Papers and magazines	8.00	9.91	5.36
Charity	5.00	1.25	3.32
Music	—	5.00	—
Hardware	2.00	4.09	—
Radio	—	15.95	—
Miscellaneous	—	1.22	—
<b>TOTAL</b>	<b>1,493.00</b>	<b>1,571.45</b>	<b>1,477.12</b>

## Professor Tony Lancaster

A festschrift conference and website is planned in honour of Tony Lancaster. The conference will be held at Brown University, Providence, Rhode Island, USA on 14-15th April 2007. If you think you may like to attend, please send an email to John Treble at [j.g.treble@swan.ac.uk](mailto:j.g.treble@swan.ac.uk).

Papers at the conference will be given by invitation only, but anyone wishing to contribute to the website, either by submitting a paper, or by some other type of tribute, should contact its editors, Peter Dolton and John Treble by email to the same address.

## *Spatial Economic Analysis*

— a new journal from Regional Science International - British and Irish Section and the Regional Studies Association.

The interest in questions related to geography, location and the spatial distribution of economic activities is not recent. Analytical and empirical efforts in the economic sciences date from the early work of von Thunen in the 19th Century. However, the difficulties of introducing space into theoretical and econometric models prevented the full recognition of this literature by the economics mainstream until very recently.

There has been a decisive shift over the past 15 years. Economic geographers have renewed their interest in quantitative analysis and the application of economic analysis to geographical problems. Economists have re-discovered space. The recent literature of spatial economics emphasizes the fundamental link between forces associated with the existence of transport costs, increasing returns to scale, externalities and imperfect market structures. The implications of the spatial configuration of economic activities are numerous, affecting, among other things, economic growth, industrial organisation, technological progress, welfare levels, inequality, and environmental problems.

A new journal, *Spatial Economic Analysis*, edited by Bernard Fingleton with Danio Iglori as co-editor, will contribute yet further improvement in our analytical and empirical capabilities and provide a lively forum to stimulate academics to engage with spatial economics and spatial modelling in economics. The aim of *Spatial Economic Analysis* is to provide a focal point for the renewed field of spatial economics, ranging from economic geography and spatial econometrics to regional science, and also including spatial modeling in Industrial Organization.

*Spatial Economic Analysis* was launched during the summer of 2006, with a formal announcement made at the 40th Anniversary Celebration Event of the Regional Studies Association on 14th September at the House of Commons, London. The Journal, published by Routledge, is part of the package offered by the Regional Studies Association and therefore benefits from a large readership from the outset.

For further information please visit <http://www.tandf.co.uk/journals/titles/17421772.asp>

# Obituaries

## Milton Friedman

Milton Friedman, who has died aged 94, was one of the greatest economists of all time. He may come to be included in the same category of pre-eminent figures as Adam Smith, Ricardo, Marx and John Maynard Keynes. When he began his main work, while professor at Chicago University in the 1950s and 60s, Keynesian orthodoxy dominated almost all academic macroeconomics, and much of public policy in this field. By the time Friedman's project was almost complete, in the 1970s and 80s — with a Nobel Prize in 1976 — that orthodoxy had been shattered.

His preferred alternative, that monetary policy should be subject to rules designed to achieve price stability, had largely replaced the earlier Keynesian proposals, which used demand management, mostly in the form of fiscal policy, to aim for that level of unemployment which would offer the best trade-off between inflation and unemployment. Friedman was one of the first to show that that trade-off was illusory.

It had been a hopeful illusion. For a brief period in the 1950s and 60s, it had seemed that the use of Keynesian theory, operating in the context of macroeconomic models that had sprung up under the influence of national income statistics and computer technology, would allow economists to guide politicians to steer the economy optimally via discretionary intervention. Friedman instinctively took the view that government intervention was more likely to harm than good, and that the most government could do was to set an appropriate structure of rules — especially the rule of law — and leave the rest to competition and the freedom of the individual to choose in a system of free markets.

Ironically, one of his earlier studies, and perhaps his finest econometric contribution, removed a perceived threat to the maintenance of Keynesian full employment. In Keynes' model, saving was a positive function of income, and, from both cross-section studies and casual empiricism, it was obvious that the savings ratio would rise inexorably, making it more and more difficult to generate matching investment, and leading eventually to potential stagnation. But the long-term time series data of the savings ratio showed no such tendency to rise.

Friedman reconciled these facts in *A Theory of the Consumption Function* (1957) by showing that income distribution was much influenced by temporary fluctua-

tions in income. For example, whether one was at the highest level of earnings in one's life cycle, or alternatively retired. People would naturally save a large proportion of temporary high incomes to be consumed later, when income might be temporarily low. The distinction between temporary and permanent economic conditions has since remained one of the main concepts in macroeconomics.

Friedman was not, however, an outstanding technician; he was relatively sparing in his use of mathematical models and, towards the end, his use of econometrics ran into criticism. Nor was he primarily a historian. Yet, with his colleague Anna Schwartz, he wrote the finest ever book on economic history, *A Monetary History of the United States, 1867-1960*, published in 1963. Schwartz was a stickler for historical detail, which combined with Friedman's vision of a unifying structure for tracing the effects of monetary developments on the economy, led to an entertaining work that changed our view of how the macroeconomy worked.

Before it, most people had ascribed the great depression to the Wall Street crash and/or to real factors such as a sharp drop in consumption. Friedman and Schwartz made a convincing case that it was inept monetary management by the Federal Reserve Bank that was the main culprit. Similarly, other major economic shocks, such as the US crises of 1893, 1907 and 1919, and the post second world war inflation were primarily monetary in causation and character.

But his great achievement was to show why government intervention to try to set output and employment at a higher level than would happen naturally was ultimately self-defeating and damaging. In the macro-models of the time, Keynesian demand-side equations had been supplemented by a supply side equation, the Phillips curve, linking nominal wage and price increases to the level of unemployment (the lower unemployment, the higher inflation); and economists and politicians sought to set the unemployment level so as to achieve their preferred combination of output and inflation.

In his 1967 presidential address to the American Economic Association, on 'The Role of Monetary Policy', Friedman noted that economic agents, wage earners, firm managers, etc, were primarily concerned with real incomes and real profits, not just nominal outcomes. Because contracts are set in nominal terms, they would agree to a nominal wage, or set a price which, conditional on their *expectations* of future of inflation, would get them their desired real outcome. So the short-run Phillips curve was conditioned on agents' inflationary expectations. If the government then used this (short-run) relationship to try to achieve a lower unemployment?higher inflation outcome than private sector agents had been expecting as the norm, then, after some lag, expectations would adjust upwards. So long as governments insisted on keeping unemployment below

its natural rate, actual and expected inflation would chase each other upwards in an unending vicious spiral.

That was indeed what seemed to be happening in the 1970's, the decade which brought the optimism about controlled economic expansion to a shuddering halt. It was in this period that 'monetarism' as an approach — and Friedman as its leading exponent — were at their most influential. Country after country, including a somewhat reluctant British Labour government in 1976, embraced monetary targets and renounced the belief in an ability to spend their way out of difficulty.

Whereas Friedman had done a devastating job in dismantling what became known as 'naive Keynesianism' (in contrast to the various strands of new Keynesianism that reformulated the analysis), his positive proposals have been less successful. He had earlier reinterpreted the demand for money as an exercise in portfolio choice, for example in his paper 'The Quantity Theory of Money — A Restatement', in the book of essays *Studies in the Quantity Theory of Money* (1956), which he edited; though this was not, in reality, that much of a break with Keynesian ideas. Anyhow, Friedman believed that the demand for money would be a predictable function of a few variables, and that that functional relationship would remain stable over time; indeed early econometric work in the 1960' suggested that this might be so — though Friedman's empirical studies, for example his article on 'The Demand for Money', in the *Journal of Political Economy* (1959) again ran into econometric criticism.

On that basis, Friedman argued, in *A Program for Monetary Stability* (1960), that the growth of money should be kept constant. Even if there were some unpredictable fluctuations in the demand for money, the resulting disturbances to nominal incomes would be much less, he believed, than would result from attempts at discretionary management by central banks. As a natural liberal, Friedman tended to doubt whether the powerful could be trusted to increase the welfare of the people.

Perhaps more importantly, he demonstrated in 'The Effects of a Full Employment Policy on Economic Stability' in *Essays in Positive Economics* (1953), that, in order to enhance welfare, the authorities had to be able to predict events with significantly more than 50 per cent accuracy. Given the difficulty of forecasting, and the 'long and variable lags', as described in 'The Lag in Effect of Monetary Policy', in *The Optimum Quantity of Money and Other Essays* (1969), between adjusting monetary instruments and their effect on the economy, the likelihood that intervention, even if undertaken with the purest motives, would prove beneficial was slim.

In his advocacy of this regime change — to bring about a shift from discretion to a rule for monetary growth — he was conspicuously unsuccessful. Demand for money functions, which had previously seemed stable, commonly broke down once used as an intermediate monetary tar-

get. Alternative definitions of the money stock often pointed in different directions, causing 'broad money' monetarists to argue with 'narrow money' monetarists. While central bankers in the 1970's and 1980's termed themselves 'pragmatic monetarists', they remained determined to conduct monetary policy by discretionary variations in short-term interest rates.

Friedman refused to get caught up in a discussion of which monetary aggregate was in some normative sense the best one to use. His methodology, outlined in 'The Methodology of Positive Economics' in *Essays in Positive Economics* (1953), was that you should use the method that works best, that best explains and predicts final outcomes in terms of the most parsimonious set of explanatory variables.

This approach also was controversial. But it was a dangerous exercise to argue a point with him. He was a brilliant and incisive debater, and his skill in argument was phenomenal. Along with George Stigler, he led intellectual discussion among economists at Chicago. It was, perhaps, in his application of logic to macroeconomic analysis that he was supreme. His command over detailed fact was, however, occasionally less sure than his analytical ability, as evidenced, for example, by his claim that Japan was an example of a liberal economy. He was also a naturally kind and approachable person, of small stature — a bit like a genial gnome — and he was prepared to change his mind when convinced.

He believed that government intervention did harm, and that the best economy would be a liberal free-market economy, as expressed vibrantly in *Capitalism and Freedom* (1962). In his more political writing on this topic, he was much helped by his wife, Rose, who wrote both *Free to Choose* (1980) and *Tyranny of the Status Quo* (1984) with him. They had a long and devoted marriage; they supported each other and took great joy in being together.

Friedman was born in Brooklyn. Although his name will always be associated with Chicago, he gained his BA at Rutgers University, New Jersey, in 1932 and his PhD from Columbia University, New York, in 1946, though he did receive an MA at Chicago in 1933. Between 1933 and 1941 he worked on research at the US national resources committee and the national bureau of economic research. During the second world war, he worked first for the treasury and then for the division of war research at Columbia. But it was at Chicago, where he returned as professor of economics in 1948 and stayed till 1983, that he became an outstanding figure.

He found in the economics department a congenial atmosphere, with a tradition of a preference for rules over discretion, and a liberal distrust for government intervention. Henry Simons and Lloyd Mints directly, and Frank Knight and Jacob Viner at one remove, had continued to base their macro-monetary analysis on the quantity theo-

ry of money, in contrast to the IS/LM Keynes/Hicks model. While at Chicago, he found and encouraged a pre-eminent group of colleagues, of whom, perhaps, Stigler was the other greatest star, with more Chicago economists receiving Nobel prizes than from any other centre.

After retiring from Chicago, Friedman moved to the Hoover Institute in California, where he continued to work, travel and teach almost up to his death. He is survived by Rose and his son and daughter.

Charles Goodhart  
*Professor Emeritus, London School of Economics*

This is a revised version of an article which originally appeared in *The Guardian*.

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## Sami Daniel

Sami Daniel, who died in November 2006, aged 67, was an energetic and convivial leading light in the development of economics education in the (then) polytechnic sector of UK Higher Education. Born Sasson Daniel in Iraq, Sami came to the UK as a student at Woolwich Polytechnic, then the LSE. After his postgraduate studies he taught economics at Enfield College of Technology (later a constituent college of Middlesex Polytechnic) before taking the post of Head of School of Economics and Politics at Kingston Polytechnic, which he held from 1971 until 1989. During those years he served on the Council of the Royal Economic Society and also the Council for National Academic Awards, which oversaw the introduction of degree-level courses within the polytechnic sector. He was instrumental in launching the Association of Polytechnic Teachers of Economics, was its National Secretary for 8 years and served on its National Committee for almost the complete span of its existence. He gave his energy and enthusiasm to the management of its annual conference and also the launch of its sponsored journal, the *British Review of Economic Issues* (now *Economic Issues*), being managing editor for many years. Sami maintained close links with fellow economists encountered in his time at the LSE and later in universities and polytechnics throughout the UK. Sami's scholarly interests were wide-ranging. In economics his preferred fields were business economics — especially the economics of the firm, and the history of thought — particularly Marxian economics. In 1999 he was lead editor for a three-volume collection of essays published in honour of Bernard Corry and Maurice Peston. Outside of economics, his academic interests included philosophy and politics and he was an accomplished Arabic linguist.

Sami Daniel made an outstanding contribution to the development of economics teaching at Kingston and

more widely within an expanding UK Higher Education system. He will be remembered for his energy and good humour and for his enthusiasm as a teacher, and academic innovator, always eager to encourage and promote new talent and ideas.

A memorial event will be held early in 2007. Further details can be obtained from [v.daly@kingston.ac.uk](mailto:v.daly@kingston.ac.uk).

Vince Daly  
*Kingston University*

## Ronald Tress

Ronald Tress, who has died aged 91, was an eminent applied economist and a formidable administrator who became Master of Birkbeck College, London, Secretary-General of the Royal Economic Society and Director of the Leverhulme Trust. He made a lasting impact on many aspects of higher education, on the development of certain British colonies post independence and on the economic growth of the South West of England.

Ronald Tress was born in Upchurch, Kent in 1915 and won a place at Gillingham County School. From there he won a scholarship to University College, Southampton (now Southampton University) where he took a first class honours degree in Economics.

He then spent a year as a Gladstone student studying at St Deiniol's Library, Hawarden, but he decided against entering the church and instead gained a Drummond Fraser Research fellowship to Manchester University. From there he took his first teaching position at the University College of the South West, Exeter (later to become the University of Exeter).

From 1941 until the end of the war, he worked in Whitehall as an Economic Assistant in the War Cabinet Offices, and was thus a junior member of the brilliant team of economists led by Lionel Robbins, James Meade, Richard Stone and others. Immediately after the war he was sent to Paris to assist with the Marshall Plan. In 1945 he became Economic Adviser to the Cabinet Secretariat.

He returned to higher education in 1947, becoming Reader in Public Finance at the London School of Economics, where he pioneered the teaching of National Income and Social Accounting. He became managing Editor of the London and Cambridge Economic Service, then a major source of national economic statistics.

In 1951 he was appointed to the newly-created chair of Political Economy at the University of Bristol. Here, he proved a very effective and respected teacher, often lecturing without notes and always treating his students with kindness and humanity. At Bristol, he and Harold

Dickinson lobbied hard and eventually successfully for the creation of a Faculty of Social Sciences against considerable resistance. He became the first Dean of the Faculty on Dickinson's retirement and was responsible for the creation of a chair in Accounting. Together with Arthur Brown, he created and maintained the Tress-Brown index to measure university costs. Today's Higher Education Pay and Prices Index is its direct descendant.

Between 1955 and 1963, a number of Foreign and Colonial Office appointments involved him visiting various colonies in order to assess them economically, prior to their independence. Beginning with the Nigeria Fiscal Commission in 1955, he later went to Aden, followed by East Africa, notably Uganda and finally Kenya in 1963.

In 1965, he became Chairman of the South West Economic Planning Council, which, in 1967, published a draft strategy for the South West of England. Some of the consequences of this report were the extension of the M5 to Plymouth, an improved spine road to Penzance, the enlargement of Exeter Airport and the development of the Royal Dock at Portbury,

In 1968, Tress was appointed Master of Birkbeck College where he remained for the next ten years. He arrived to find a college facing considerable internal disagreements but he fully supported the unique mission of Birkbeck of providing higher education for mature part-time students and ensured the financial security of the College at a difficult time for universities. He proved to be a firm, supportive Master, and it was perhaps inevitable that he would establish an Economics department at Birkbeck, which still flourishes.

Retiring from Birkbeck in 1978, he was appointed Director of the Leverhulme Trust. During his tenure he saw the Trust's income more than double and was able to assist in the funding of a number of successful research projects. In this influential position, where he was continually courted for research grants, Ronnie was a pleasure to deal with. While he was sympathetic to requests from economists, he gave them no special priority, although it was a pleasure for the profession to have someone in that position who understood what economic research was all about.

Tress was involved with many bodies outside his professional career. From 1975 to 1979 he was Secretary-General of the Royal Economic Society and a Vice-President thereafter. At various times, he served as a Trustee of the City Parochial Foundation, Chairman of the Lord Chancellor's Advisory Committee on Legal Aid, a Governor of Christ Church College, Canterbury, a Member of Council of Kent University, a Member of the National Incomes Commission and the Development Commission, to name but a few.

He was a shrewd and resolute leader and a sensitive judge of people, treating their opinions with respect. He was

admired for his knowledge, his wisdom and his common sense, as well as for the cool and controlled manner in which he always conducted himself. All these activities, however, had an impact on Tress's academic output, which, although of high quality, was confined to a limited number of articles and reviews.

Ronnie Tress's qualities were recognised by the conferment on him of the CBE and of a number of honorary degrees. He received honorary degrees from Furman University, South Carolina, the University of Exeter, the Open University and the Universities of Southampton and Kent. These were a tribute to the respect and affection with which he was regarded by all who had the pleasure of working with him.

Aubrey Silberston and Tom Tress  
(with contributions from John Whitaker,  
*University of Virginia*)

## David Walton

David Walton died, suddenly and unexpectedly, in June of 2006. David was only 43, in the prime of his personal and professional life. He leaves his wife Nicola and their two small sons Matthew and Freddie, in all of whom he took enormous pleasure and pride. And he leaves the economic profession in the UK much the poorer for his death.

David Walton exemplified much that the RES seeks to stand for. He was a highly talented economist, engaged with advances in academic economics and active in commercial life. He was committed to public service, most notably seen in his year on the Monetary Policy Committee, but in many other ways over the years. He matched his interest in theory with a remarkable interest in, and knowledge of, data about the UK and world economy, and he was taking great enjoyment from teaching at Oxford, which he began only in the last year of his life.

David's career as a professional economist began at van Mildert College, Durham, where he took a first class degree. From Durham he moved down to the Treasury, which could easily have been his lifelong professional home. Certainly those who worked with him in there in the mid 1980s remember his contributions as being marked, even at that early stage in his career, with insight and care. But two years into his civil service career, David moved to Warwick university for an M.A. in economics. From Warwick, David decided to go to the City, and took a job in the economics department at Goldman Sachs in London, working alongside David Morrison and Gavyn Davies. He was to stay with Goldman Sachs until 2005, beginning as a UK specialist, but ultimately taking leadership of the European Economics department. While at Goldman he was appointed a specialist adviser to the House of Commons Treasury Select Committee, who naturally sought the advice of this acute, even-handed and

astonishingly well informed student of British economic life. He also served as Chair of the Society of Business Economists

In 2005, David's professional life changed radically. He had spent 18 years working at Goldman, and had enjoyed it greatly, when he was asked to consider joining the Monetary Policy Committee. He was young to be asked to take on such a role, and it would mean leaving his job at Goldman, but the challenge came at a welcome time, and he accepted it with relish. The MPC is not a full time job, and so as well as having a little more time with his family, David accepted a position as Visiting Professor at Oxford University, where he taught macroeconomics to graduate students with immediate success.

David Walton's professional and personal character are hard, probably impossible, to disentangle. He was the most modest of people, never seeking to put himself forward, and also interested only in what people said and did, rather than who they were. He just wanted to get to the truth, and to do so with kindness and courtesy and humility. It is no surprise that after his death some who had known him outside his working life were astonished to find what he had done.

This was reflected in his work by the rare combination of strikingly clear economic intuition and fastidious attention to detail and to data. It was this combination that so attracted his colleagues, those in the media who sought his advice, and those making policy. Regardless of who happened to be in government, David's views were sought by those in power, because they could be guaranteed free of any political bias.

One particular outcome of David's interest in data came in the realisation that business surveys deserved more attention than had been given them in the past. David was one of the early converts to looking at this source of information, recognising that it gave early and often accurate signs of what was happening across the economy. This commitment to finding the most relevant, accurate and timely data was matched by his skill in presenting data graphically.

David had considerable curiosity about how central bankers worked - naturally for someone doing a job like that he did at Goldman. He was effective in demonstrating the power of Taylor-type rules in explaining how bankers acted, a point that became steadily widely accepted.

David worked for almost 15 years on the annual Green Budget that IFS produced with Goldman Sachs. His interest in rules for behaviour in managing the macro economy widened from monetary policy into thinking about rules for fiscal policy, and in the 1993 Green Budget led to the description of two possible rules of thumb, a 'golden rule' and a 'debt sustainability' rule. These ideas were picked up by the then Opposition, and

have now become the Treasury's principal rules for fiscal policy.

On the MPC, David rapidly became known for his unswerving commitment to doing what he thought right - he was the only member of the MPC to vote for an increase in interest rates in the meeting immediately before his death. The staff at the Bank quickly recognised his expertise and enthusiasm, and his place is hard to fill.

It is right to write at length about David's economics, because his contribution to our profession was so great. But for those who knew and worked with him, it is the loss of a generous hearted friend, calm, quiet and often both amused and amusing that is the greatest pain. His delight in his wife and his children was the centre of his life. David was blessed with a marvellous sense of proportion. His loss is hard to bear.

Andrew Dilnot  
*St Hugh's College, Oxford*

## A major prize competition

Thorstein Veblen was born on 30 July 1857. In order to commemorate the 150th anniversary of his birth, the Association for Evolutionary Economics (AFEE) and the European Association for Evolutionary Political Economy (EAEPE) will co-sponsor the Veblen 150 Prize Competition.

Candidates will be expected to submit written works on the nature of institutions, the theory of institutional evolution, the philosophical foundations of institutional and evolutionary economics, or the application of institutional or evolutionary theory to economic policy.

Candidates will be divided into two groups:

- (1) Candidates born on or after 1 January 1973, or currently enrolled PhD students, or candidates who were awarded their PhD on or after 1 January 2003.
- (2) Candidates who do not qualify under (1) above.

Submitted works may be unpublished, or published no earlier than 2005. Books, articles or PhD theses may be considered. Up to four prizes shall be awarded. For each of group (1) and group (2) there will be up to two prizes of 2,000 GBP each.

Candidates must submit their work to Geoff Hodgson, to be received by **30 June 2007**. Submissions must be on a single electronic file (to G M Hodgson@herts.ac.uk) or six printed copies of the work (to Prof G Hodgson, The Business School, University of Hertfordshire, Hatfield, Hertfordshire AL10 9AB, UK).

For further details see:  
<http://eaepe.org/eaepe.php?q=node/view/189>

# RES news items

## RES Annual Conference 2007

The 2007 Annual Conference will be held at the University of Warwick from

**Wednesday 11 April to Friday 13 April 2007**

Keynote speakers include:  
Professor Abhijit Banerjee (MIT)  
Professor Marianne Bertrand (University of Chicago)  
Professor Al Roth (Harvard)

The Local Organiser of RES2007 is Dr Natalie Chen (res2007@warwick.ac.uk).

The Programme Chair is Dr Jeremy Smith (res2007papers@warwick.ac.uk).

Other information, details on registration, accommodation and other matters — including information on financial support for postgraduate students attending the Conference — is available on the conference website:

[www.res.org.uk/society/annualconf.asp](http://www.res.org.uk/society/annualconf.asp)

## Annual General Meeting

The Annual General Meeting of the Royal Economic Society will be held on Wednesday 11 April 2007 during the Society's Annual Conference (11-13 April 2007) at the University of Warwick.

## 2006 RES Prize

The 2006 RES Prize for the best non-solicited paper published in the *Economic Journal* has just been awarded to: Marcos Rangel for his paper 'Alimony rights and intra-household allocation of resources: evidence from Brazil', Vol. 116, pA627.

## Rewarding New Challenge for Young Economists

The Society announces the launch of their Young Economist of the Year 2007 competition in association with tutor2u. This prestigious essay writing competition invites students currently studying for A Levels and the International Baccalaureate in all subjects to write on a major current problem or topic of concern. The winner of Young Economist of the Year 2007 will win £1,000, with runners-up each receiving £500.

'We have a clear mission to support the study of economics from grass roots through to government and industry', says John Sutton, president of the Royal Economic Society. 'This competition is the first part of our programme to develop links with schools and colleges where budding economists are first encouraged to learn about the principles and relevance of our subject.'

'We are particularly keen to encourage students to enter the competition who are in the first year of their studies. Experienced academic and business economists can learn much from the insights of young economists — we are looking forward to reading the perspectives of students on the economics issues of today.'

Students are invited to write an essay of between 1,000 to 2,000 words, calling on key elements of their A Level or International Baccalaureate courses, examples from the world around them and imaginative discussion. Entries to the competition must be made by 30 April 2007. The winner of Young Economist of the Year 2007 will be announced in August 2007, with the prize presentation made at the RES Annual Public Lecture in Autumn 2007. Each school or college who submits one or more entries will receive a certificate of entry.

The competition is being run in association with tutor2u, which is a leading publisher of economics resources to schools in the UK and overseas. 'We are delighted to be able to partner the RES to help them achieve their aim of building strong and lasting relationships with teachers and students', states Jim Riley, managing director of tutor2u. 'This competition is exciting and we are really looking forward to making it happen.'

Get full details of the Young Economist of the Year 2007 competition by visiting [www.tutor2u.net/res2007](http://www.tutor2u.net/res2007) or via the Society's web

## One-year junior fellowship scheme

Academic year 2007/08

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:

**4 May 2007**

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.**

## Support for small academic expenses

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

Applications, in the form of a letter and stating the purpose for which a small grant (maximum £600) is required, should be sent to: Professor Anton Muscatelli, Vice-Principal (Strategy and Budgeting), Daniel Jack Professor of Economics, Adam Smith Building, University of Glasgow, Glasgow G12 8RT.

Please note that the closing dates for applications are

**31 January, 31 May, and 30 September**

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

NOTE This scheme does NOT cover assistance to members who wish to go to a conference at which they will be presenting papers or acting as discussants. A separate fund - the Conference Grant Fund - has been set up for this purpose. See details below.

## Conference grant fund

The Society's Conference Grant Fund is available to members who are presenting a paper, or acting as a principal discussant at a conference; support of up to £500 is available. Awards are made three times a year. The closing dates for applications are

**31 January, 31 May, and 30 September**

each year in respect of conferences which take place in the ensuing four months. Application forms and further particulars may be obtained from: Professor Anton Muscatelli, Vice-Principal (Strategy and Budgeting), Daniel Jack Professor of Economics, Adam Smith Building, University of Glasgow, Glasgow G12 8RT. Fax: +44 (0)141 330 3547  
Also at [www.res.org.uk/](http://www.res.org.uk/)

## Publications

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

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

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

# Conference Diary

2007

january

19-20 January Antwerp, Belgium

Second annual meeting of the **Households in Conflict Network**.

Further information from: E-mail: [second@hicn.org](mailto:second@hicn.org) or [www.hicn.org](http://www.hicn.org)

22-23 January Rimini, Italy

Second Italian congress of **Econometrics and Empirical Economics**.

Further information from:  
<http://www.cide.info/conf/congress.php>

25 January London

International conference on **Financial Liberalisation and Economic Performance in Emerging Markets** to be held at the London Metropolitan University.

Further information from: Professor Nicholas Sarantis at [n.sarantis@londonmet.ac.uk](mailto:n.sarantis@londonmet.ac.uk). Tel: 020 7320 1464.  
Application forms from Sue Wharton at [s.wharton@london.met.ac.uk](mailto:s.wharton@london.met.ac.uk). Tel: 020 7320 1430

february

1-2 February Bangkok, Thailand

Second international conference on **Valuing Infrastructure and Utility Properties**.

Further information from:  
E-mail: [pattama@thaiappraisal.org](mailto:pattama@thaiappraisal.org)

2 February Staffordshire

First meeting on **Nonlinear Economics and Finance Research Community** to be held at Keele University.

Further information from: [www.keele.ac.uk/research/ppm/research/NLEconomics.htm](http://www.keele.ac.uk/research/ppm/research/NLEconomics.htm)

26-27 February

Washington, USA

Conference on **The Frontiers of Environmental Economics**.

Further information from: [www.rff.org/rff/events/frontiers-of-environmental-economics.cfm](http://www.rff.org/rff/events/frontiers-of-environmental-economics.cfm)

march

27-28 March

Beijing, China

Conference on **Opening and Innovation on Financial Emerging Markets**.

Further information from: [www.cepii.com/anglais-graph/news/call/call27280307.htm](http://www.cepii.com/anglais-graph/news/call/call27280307.htm)

16 March

Oxford

Workshop on **Making Economic Forecasts Work** to be held at the Economics Department, Oxford University. Speakers include Mike Clements, Raffaella Giacomini, Denise Osborn, Lucrezia Reichlin, Martin Weale.

Further information from:  
[jennifer.castle@nuffield.ox.ac.uk](mailto:jennifer.castle@nuffield.ox.ac.uk) or [dilek.onkal@economics.ox.ac.uk](mailto:dilek.onkal@economics.ox.ac.uk)

april

2-4 April

Perth, Scotland

Annual conference of the **Scottish Economic Society**.

Further information from: Anne Gasteen at [a.gasteen@gcal.ac.uk](mailto:a.gasteen@gcal.ac.uk). Tel: 0141 331 3320, Fax: 0141 331 3293 [www.scotecsoc.org/homePage.htm](http://www.scotecsoc.org/homePage.htm)

11-13 April

Warwick

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

Further information from: page 23 or [www.res.org.uk](http://www.res.org.uk)

15-19 April

Birmingham

Seventeenth annual **RES Easter School** to be held at the University of Birmingham.

Further information from:

[www.economics.bham.ac.uk/easterschool/index.htm](http://www.economics.bham.ac.uk/easterschool/index.htm)

## may

24-26 May

Rethymno, Greece

Eleventh conference on **Macroeconomic Analysis and International Finance**.

Further information from:

<http://www.soc.uoc.gr/macro/11conf/index.php>

## june

1-3 June

Utah, United States

Conference on: **Economic Pluralism for the 21st Century**.

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

1-3 June

Nova Scotia, Canada

CALL FOR PAPERS

Forty-first annual meeting of the **Canadian Economics Association (CEA)**. Papers should be submitted by **28 February 2007**.

Further information from:

<http://www.economics.ca/2007/>

## july

9-11 July

Manchester

CALL FOR PAPERS

Annual conference of the **Work, Pensions and Labour Economics Study Group (WPEG)** to be held at the

University of Manchester. Submission of papers are invited from academic, government, and business economists in any subject area of labour economics and/or welfare-to-work, skills, disability, pensions, extending working lives, discrimination, housing, and poverty, for the General Sessions. Papers should be sent by **28 February 2007** to Andy Dickerson at [wpeg@shef.ac.uk](mailto:wpeg@shef.ac.uk). Proposals for the organization of Special Sessions are also welcome by 16 February 2007.

Further information from:

<http://wpeg.group.shef.ac.uk/callforpapers.htm>

12-13 July

Manchester

CALL FOR PAPERS

Fourth conference on **Growth and Business Cycles in Theory and Practice** to be held at the University of Manchester. The conference is intended to provide a forum for the dissemination of recent research on growth and business cycles from both theoretical and empirical perspectives and should be of interest to both academic economists and policy makers alike. Papers should be sent in duplicate by **30 March 2007** to [joyce.wilson@manchester.ac.uk](mailto:joyce.wilson@manchester.ac.uk).

Further information from:

[www.ses.man.ac.uk/cgbcrlatest.htm](http://www.ses.man.ac.uk/cgbcrlatest.htm)

## september

5 September

Bristol

Second Key Contacts Meeting of the **Economics Network**.

Further information from:

[www.economicsnetwork.ac.uk/events](http://www.economicsnetwork.ac.uk/events)

6-7 September

Bristol

Fourth biennial conference in **Developments in Economics Education** organised by the Economics Network.

Further information from:

[www.economicsnetwork.ac.uk/events](http://www.economicsnetwork.ac.uk/events)

7 September

Bristol

**Conference on Economics Postgraduate Teaching Assistant/Tutors workshop** organised by the Economics Network.

*Further information from:*

[www.economicnetwork.ac.uk/events](http://www.economicnetwork.ac.uk/events)

12-14 September

Birmingham

The annual international conference of the **Money, Macro and Finance Research Group (MMFRG)** is to be hosted this year by BRiEF (Birmingham Research into Economics and Finance) at the Birmingham Business School (BBS) in the University of Birmingham. The annual Max Fry Global Finance Lecture will be delivered by Professor Ross Levine (Brown University).

A CALL FOR PAPERS and details concerning registration, accommodation and other keynote speakers will be posted on the BBS and MMFRG websites in January 2007.

*Further information from:*

<http://www.essex.ac.uk/afm/mmf/>

20-22 September

Oslo, Norway

CALL FOR PAPERS

*Nineteenth annual conference* of the **European Association of Labour Economists**. The aim of the conference is to facilitate the exchange of research ideas and results across a range of fields in Labour Economics. Papers and abstracts should be submitted (electronically using the on-line submission form on the web page [www.eale.nl](http://www.eale.nl)) by 1 March 2007.

*Further information from:* [www.eale.nl](http://www.eale.nl)

28 September

Ontario, Canada

CALL FOR PAPERS

*Conference on Comparing North American and European approaches to Climate Change*. Abstracts should be sent by 1 September 2007 to Frank Millerd at [fmillerd@wlu.ca](mailto:fmillerd@wlu.ca).

*Further information from:*

[www.wlu.ca/viessmann/html\\_pages/conferences.htm](http://www.wlu.ca/viessmann/html_pages/conferences.htm).

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## Late items

In the light of recent debates in the Newsletter over Nick Stern's report I should like to add to the following to my 'letter from France':

As the recent debate in the RES newsletter shows, economists in the U.K. as in France, are still divided into two groups. There are those who see the economy and the environment as an interlinked dynamic stochastic process on which we have influence but which we do not control and think that we have to worry about some of the possibly catastrophic trajectories. On the other hand there are those who think of steady states which get knocked around a bit by exogenous shocks over which we have no influence or control. The latter wish to understand the mechanism by which man is warming the climate before trying to react optimally. At this point they can internalise the changes and solve the problem. Uncertainty is, for such economists an annoying but marginal problem, whilst some of us think that it is at the centre of the environmental debate.

*Alan Kirman*

**Papers for the Money, Macro, Finance Study Group Annual Conference should be submitted through the Conference Maker website for the conference:**

<http://gemini.econ.umd.edu/conference/MMF2007>

You will need to set up an account and follow the instructions on this site. Submitting authors should not act as a corresponding author for more than one paper. The deadline for submissions is **23 April 2007**. Notification of acceptance will be sent by the end of May 2007.

# Membership of the Royal Economic Society

*Membership is open to anyone with an active interest in economic matters.*

*The benefits of membership include:*

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

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

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

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

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

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

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

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

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

## Membership rates for 2005 are £45 (\$65)\*

There is a reduced rate of £22.50 (\$36) for members who reside in developing countries (with per capita incomes below US\$500) and for retired members. A special offer of three years membership for the price of one at this reduced rate is available to full-time students who join the Society for the first time in 2005.

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

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

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

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

..... in payment of my subscription for 2005.

Name:

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Address:

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Occupation.....

Date.....