



ROYAL ECONOMIC SOCIETY

NEWSLETTER

Issue no. 140

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ROYAL ECONOMIC SOCIETY

Another New Year

And since this is another packed issue of the *Newsletter* we need to start with an apology to authors whose contributions have been postponed until April.

In the current issue, we have the regular features — the report from the *EJ* editors and a fascinating letter from Alan Kirman in Marseille who describes the high-profile, hyperactive antics of the new French President and the conspicuous lack of serious reform. We also have a summary, longer than usual, of the Society's Annual Public Lecture, given this year by Lord Stern on the urgent matter of climate change. The material from this lecture has allowed us, experimentally, to include photographs for the first time in the *Newsletter*.

Never let it be said that your editor cannot take criticism. How many readers know that the presentation of data in tables and charts is governed by a British Standard? (We did not, though we did know of the BS covering editorial procedures). Using the conventions set out in BS 7581 Sally Bigwood and Melissa Spore have written an instructive article on improvements that economists could commonly make — drawing (unfortunately) on several misdemeanours that have appeared in these pages. We've often been critical of the media's sloppy treatment of numerical statements so maybe we're just receiving some some rough justice.

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NEWSLETTER

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16 March 2008

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.

Visit our website at:

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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.

2006-7 has been a very successful year with submissions up by 10 per cent, more papers published (via an extra issue) and a sharp improvement in citation ranking.

Editorial changes

The past year has been a relatively quiet one on the editorial front. On 1st January 2007 Antonio Ciccone joined us as Editor with responsibility for growth, development and international trade. He has been a welcome addition to the team, combining efficiency with good judgement. There have been no changes to the Associate Editors during this period. However as the current term of office expires for many Associates at the end of this year we are in the process of making a number of new appointments.

With a large increase in microeconomic theory submissions we have found ourselves experiencing problems in dealing rapidly with papers in this area. We have therefore taken the decision to appoint a new editor to help Leonardo Felli during the remainder of his tenure. We are very glad to announce that David Myatt of Oxford University will be joining the Editorial team on November 1st and look forward to him helping us encourage further development of our theory strengths.

Progress over the year

Submissions

Over the last year (1st July 2006 to 30th June 2007) we received a total of 704 submitted papers. As Table 2 shows, the number of submissions has increased steadily since 2002 and is now 58 per cent higher. The geographical distribution of submissions remains globally dispersed — 18 per cent from the UK, 29 per cent from North America, 37 per cent from rest of the EU and 16 per cent from the rest of the world. There was actually a fall in the proportion of papers from North America although the actual number of submissions from the US maintained itself at the higher level of the last few years. Elsewhere the number of submissions increased from most regions with larger increases from France, Italy, China and Japan.

Field categories are inevitably volatile due to vagaries in how papers are assigned and shifts in academic interest. 2007 saw a very large increase in submissions on Economic Development, which is now the third most

Table 1: Geographical Distribution of Submissions 2004 - June 2006

<i>Region</i>	<i>1.7.06 - 30.6.07</i>	<i>1.7.05 - 30.6.06</i>	<i>1.7.04 - 30.6.05</i>
UK	127 (18%)	110 (17%)	114 (18%)
USA & Canada	202 (29%)	213 (33%)	205 (33%)
Europe	259 (37%)	224 (35%)	214 (34%)
Others	116 (16%)	95 (15%)	94 (15%)
<i>Total</i>	<i>704</i>	<i>642</i>	<i>627</i>

common field. Substantial increases were also seen in Labour and Health/Education and Welfare (all of which are ably dealt with by Steve Pischke). International Macro and Macro/Monetary Economics remained as important

Table 2: Subject Breakdown of Submissions 2004 - June 2007

<i>Subject area</i>	<i>1.7.06 - 30.6.07</i>	<i>1.7.05 - 30.6.06</i>	<i>1.7.04 - 30.6.05</i>
General Economics and Teaching	9	13 (1)	5 (1)
Methodology/History of Thought	6	6	6
Mathematical & Quantitative Methods	66	97 (15)	38 (7)
Microeconomics	130	118 (9)	115 (6)
Macro & Monetary Economics	76	87 (4)	82 (3)
International Economics	70	65 (5)	80 (4)
Financial Economics	37	40 (3)	33 (4)
Public Economics	33	36 (2)	35 (2)
Health, Education & Welfare	45	24 (3)	28 (3)
Labour & Demographic Economics	92	56 (6)	83 (2)
Law & Economics	6	5 (2)	8 (1)
Industrial Organisation	23	33 (1)	29 (2)
Business Economics	6	1	4
Economic History	4	4	3
Economic Development	78	32 (1)	52 (3)
Economic Systems	5	5	4
Agricultural/Natural Resources	10	5	12
Urban, Rural & Regional Economics	5	8	9
Other Topics	3	7	1
<i>Total</i>	<i>704 (0)</i>	<i>642 (52)</i>	<i>627 (38)</i>

fields for the journal. Perhaps the most noteworthy trend over the past few years has been the increase in Microeconomic submissions (to 130 — our largest category) and although Mathematical Economics slipped from the very high number of 2006 it still accounted for 66 submissions. Leonardo Felli is to be congratulated for raising the profile of the *Journal* amongst theorists — an achievement that can be seen in a number of recent issues. The *Journal* is grateful to the Royal Economic Society for sponsoring a number of theory conferences which have also contributed to this higher profile.

Editorial process time

The topic that everyone seems to want to discuss is the length of editorial processing time. Inevitably ‘fast’ is never fast enough for authors but we have continued to maintain and even slightly improve our average turnaround time which now stands at 12.5 weeks (compared to 14 the year before). As was the case last year we process 77 per cent of all papers in less than 6 months (see Table 3) which we believe is a good performance by industry standards.

Table 3: Response to authors

	1.7.06 - 30.6.07	1.7.05 - 30.6.06	1.7.04 - 30.6.05
Letters sent to authors inviting revision			
Within:			
1 month	0	0	0
2 months	0	1	4
3 months	0	4	8
4 months	4	13	6
5 months	2	15	9
6 months	4	13	4
7 months	3	11	3
8 months	4	0	1
Longer	43	34	7
<i>Total</i>	<i>60</i>	<i>91</i>	<i>42</i>
Letters sent to authors rejecting papers			
Within:			
1 month	286	231	183
2 months	33	20	20
3 months	44	52	62
4 months	50	50	55
5 months	68	64	59
6 months	51	35	27
7 months	32	23	13
8 months	29	14	5
Longer	50	79	20
<i>Total</i>	<i>643</i>	<i>568</i>	<i>444</i>

We now summarily reject 37 per cent of papers (compared to 34 per cent last year) and this proportion looks set to rise. In part this increase in rejections, without seek-

ing referee reports, is a product of the increase in submissions and a desire to conserve the most important scarce resource for a journal — referees’ time. We are at pains to stress to authors that summary rejections should not always be interpreted as a judgement on the quality of the paper but are often more about ‘fit’ and whether a specialist journal is more appropriate.

The increase in summary rejections has helped us maintain our average turnaround time but it does disguise a continued deterioration in the upper tail of our processing time. Referees cannot always be relied upon and so it is inevitable that this causes some lengthy delays as the editor is then forced to either seek new referees at a late stage or provide a detailed letter themselves. Further the large increase in theoretical and experimental submissions has contributed to delays in these areas. By contrast, in applied micro and macro turnaround time has continued to fall. These delays are in part due to our success in attracting submissions in the area. We are fully aware that the best way to improve the quality of submissions is to achieve rapid and useful turnaround of submissions, so we apologise to those frustrated authors who have been affected and will do our utmost to resolve their cases.

Acceptances

Our acceptance rate for submissions is now estimated at 8 per cent, a further reduction on last year despite an extra issue in March 2007 and a further one scheduled for September 2008. We have also increased the number of papers published per issue. Despite these changes we still have a lengthy pipeline of accepted papers (around 15 months) and therefore anticipate further reducing the acceptance rate in the coming year.

Rankings

Citation rankings continue to paint an attractive picture for the *EJ*. In 2006 we received 3999 citations according to the ISI (up from 3760 the year before). Our impact factor rose from 1.44 to 1.629 and the immediacy statistic from 0.342 to 0.469. Most pleasing of all is the journal continues to benefit from an intellectual half life of more than 10 years — relatively rare amongst journals. The overall impact is that we rose from 26th to 18th in overall rankings (with *Review of Economic Studies* and *American Economic Review* 13th and 14th respectively).

RES Prize and EJ Lecture

The RES prize for the best paper published in 2006 was awarded to Marcos Rangel for his paper ‘Alimony Rights and Intrahousehold allocation of Resources: Evidence from Brazil’. A committee consisting of the RES President, the *EJ* Managing Editor and Professor Wendy Carlin from University College London will decide the prize for 2007.

The *EJ* lecture at the RES Annual conference was given by Abhijit Bannerjee of MIT, entitled ‘Theory and Practice in Anti-corruption policies’. The 2008 lecture will be given by Hyun Shin of Princeton University.

Conference volume

This year saw the completion of the handover of the Conference volume to the permanent editorial board. The Conference volume statistics are not reported in our tables but a total of 80 papers were submitted, 26 of which were summarily rejected without seeking referees' advice. The remaining 54 all received at least one referee's report and a total of 14 revisions were asked. Eleven of these will appear in the Conference volume and 3 may eventually be published in a regular issue of *The Economic Journal*. This compares favourably with last year's 52 submissions, of which 8 were summarily rejected, 31 rejected with at least 1 report, 10 were eventually accepted for the Conference volume and 3 passed on to the regular *EJ* issues for more substantial revisions and potential publication. We are pleased with the integration of the Conference volume into the usual editorial process and feel that the 2008 volume is particularly strong.

In order to achieve better coordination between the Conference and the *EJ* we also worked with the conference organisers in arranging four Special Sessions for the conference in Warwick. These sessions were well received and our aim is to repeat the exercise in 2008.

The year ahead

Our aims for the journal over the coming year are no doubt the same as every editor in the long history of the journal — to continue to raise academic standards and to provide an efficient submission process for all RES members. Integrating an additional editor into the team and reducing the turnaround time for Theory submissions will be our main concern whilst continuing to improve the quality of the journal through further reductions in our acceptance rate.

The editorial team would like to express their sincerest appreciation to the outgoing RES President, John Sutton. His support and advice was always appreciated and did much to bolster our enthusiasm and contributed in no small measure to whatever success we may have experienced with the journal.

Finally, we should end this report with thanks to a much wider community — namely the huge cast of submitting authors, referees, associate editors and staff at RES and Blackwells who have contributed to the success of the past year. It is a shame that so much of this support has to be anonymous.

Economic Journal 'Features'

— from *Stephen Machin*

Two pertinent observations are that the Book Reviews are very time consuming in that we are having some difficulties in getting reviewers to agree to review books and have at times had to go to a large number of potential

reviewers to get enough signed up and that we are still operating quite tight to publication deadlines since we do want topical 'Features' that are accepted to come out in print as soon as possible.

The February 2008 issue will include:

Feature: Women's Part-Time Work

Introduction

The Price of Reconciliation: Part-time Work, Families and Women's Satisfaction

Mary Gregory and Sara Connolly

Children and Women's Hours of Work

Gillian Paull

The Part-Time Pay Penalty for Women in Britain

Alan Manning and Barbara Petrongolo

Moving Down: Women's Part-time Work and Occupational Change in Britain 1991-2001

Sara Connolly and Mary Gregory

Job Satisfaction and Family Happiness: The Part-Time Work Puzzle

Alison L Booth and Jan C van Ours

Articles

Higher Education Funding Reforms in England: the distributional effects and the shifting balance of costs

L Dearden, E Fitzsimons, A Goodman and G Kaplan

Book Review Feature

Capitalism Unleashed (Oxford UP)

Andrew Glyn (Corpus Christi College, Oxford)

Alan Manning, London School of Economics

Joachim Voth, Universitat Pompeu Fabra

Edward Wolff, New York University

Circulation

Institutional subscriptions are currently 96.7 per cent renewed compared with the number of subscriptions at the end of 2006. The renewal rate at this point last year (comparing 2006 subscriptions with subscriptions at the

Table 4: Institutional Subscriptions at 30 September 2007

<i>Region</i>	<i>2006</i>	<i>2007</i> <i>(at 30 Sept.)</i>
United Kingdom	174	165
Europe	641	614
USA	610	590
Canada	62	63
Aus/NZ	65	64
Japan	289	270
China	68	72
Rest of World	388	383
<i>Total</i>	<i>2297</i>	<i>2221</i>

end of 2005) was exactly the same at 96.7 per cent. In addition there are 76 reduced rate institutional subscriptions in China as part of the arrangement with the World Publishing Corporation (WPC).

At the end of 2006 a total of 4,296 institutions worldwide offered access to the current volume of *The Economic Journal* via traditional subscriptions or via the Blackwell programme of sales to library consortia (the *EJ* was available in an extra 1,999 additional libraries as part of consortia arrangements in 2006). This figure excludes those libraries offering online access to back volumes of the *EJ* through databases like EBSCO. 3,921 libraries accessed the journal online via this route in 2006.

Table 5: Society membership at October 2007

Region	2006	2007 (at 8.10.07)
UK	1198	1120
Europe	748	740
USA and Canada	603	566
Japan	84	82
Rest of World incl. Aus/ NZ	401	381
<i>Total</i>	<i>3034</i>	<i>2889</i>

There are currently 2,889 members of the RES, of which 473 are life members, compared with 2902 at the end of 2006. This represents a renewal rate for paid members of 94.8 per cent. In the period 1 October - 31 December 2006 membership grew by a further 4.5 per cent and, based on past performance, we can expect growth well into the final quarter.

Table 6: Referees' fees

1 Jul 06 - 30 Jun 07

Paid to referees	£4820.16 (66%)
Paid to Charities	£2069.99 (28%)
RES Vouchers	£450 (6%)

Total £7340.15

Open access to European economics research and data - 2007 survey

NEEO (Network of European Economists Online) is an EU-funded project which will bring together Europe's top economics research and make it freely available. It will address the lack of integration of academic output amongst premier European economics institutions by creating a multilingual portal called Economists Online.

A powerful new research tool

Economists Online will provide access to the recent research results of 500 leading economists from at least sixteen prestigious academic institutions. It will include journal articles, working papers, book chapters, conference proceedings, theses and datasets. Much of this content will be full text and free of charge.

Increased impact

Economists Online will increase the visibility of economists' research by collecting it in a single, cross-searchable portal, which will also include comprehensive individual publication lists. Additionally, Economists Online content will appear in other economics search services as well as the large internet search engines, and we will seek to improve our economists' rankings in all of these.

<http://www.nereus4economics.info/eonline.html>

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German:

<http://www.survey.bris.ac.uk/neco/necogerman2007>

Spanish:

<http://www.survey.bris.ac.uk/neco/necospanish2007>

Letter from France — ça bouge, tous azimuts!

In his latest letter ('it's moving but all over the place'), Alan Kirman, at GREQAM Marseille, takes a wry look at France under its new President Sarkozy. It seems that serious change lags some way behind the rhetoric.

So much has happened in France this year that it is difficult to know where to start. Luckily what has actually changed is relatively limited in comparison with what has been announced. Nicolas Sarkozy, came to power with the sort of slogan which appeals to the French, 'ça ne peut pas continuer comme ça!' What it is that cannot continue and why it should not do so is less clear. It is worth bearing in mind that our new president has been in the previous government and has occupied the posts of Minister of Finance and Minister of the Interior. He has also been leader of the major government party the UMP for a number of years. His insistence on the need for change, presumably means that he has had a change of heart or that he actually had little say in what happened in the previous government.

The President's high profile

Nobody could argue however that he has not been visible since his electoral victory however. He appears just about everywhere, proposing a new constitutional treaty for Europe, backing down on his election statement that Turkey has no place in Europe, receiving Khadafi with honours to the chagrin of many of the members of his government. He visited the banlieux and dismissed with contempt the rowdies who burned cars and rioted for no reason. He introduced measures to use DNA testing for children whose parents wished to bring them to join them in France. This measure was so diluted by parliament — the consent of the mother and the approval of a judge now being necessary, that it has been made relatively harmless. Nevertheless it is heavily symbolic and will do nothing to reassure the population of immigrant origin of the genuine desire to see them integrated into French society. Even more controversial was the decision to allow the collection of ethnic statistics, something which had previously been taboo in France. This did not make it through the Conseil d'Etat which is charged with verifying the constitutionality of laws. Yet, paradoxically, this measure, with stringent checks could have provided the lever for taking more positive action to help integrate minorities and the Commission for Civil Liberties has argued that this has made its work much more difficult. Most of this has been symbolic gesturing, and this together with the reuniting with his wife before the election, her not voting for him in the second round of the elections and her refusal to dine with the US president on an official visit to North America, and the divorce shortly after, has kept

Sarkozy firmly on the front pages. Given all of this was it surprising that the President's new liaison with a top model was announced at Disneyland?

But where are the reforms?

But what about the reality? The economic situation in France has worsened with the exception of unemployment which has now fallen below 8 per cent. Public debt and the balance of payments have deteriorated and the Minister of Finance has declared solemnly that France is bankrupt. Growth forecasts have been revised downwards which will make the recent tax cuts difficult to finance. However, Sarkozy has announced that he wants 3 per cent growth next year and he clearly thinks that where there is a will there is a way. The INSEE forecasts 1.8 per cent growth for 2008 but the government dismisses this. The French economy has, at least till now, been less affected than others by the subprime mortgage crisis, though two major banks have had to admit writing down substantial amounts of bad paper. There has been no run, or threat of a run, on a bank but this is mainly because domestic lending policy has been conservative. 15 years would have been typical for a house loan until very recently and very few loans were for more than 90 per cent of the property and the loans were almost all at fixed rates. This has not stopped French banks from buying the derivatives based on such loans in the US and elsewhere. No doubt this has led to a greater diversification of risk but it has also led to very imperfect information. As everybody knows, when one bank begins to suspect that another is burdened with such assets it is unwilling to lend to that bank and the system basically freezes unless large amounts of liquidity are pumped into the system. French banks, it was thought, were relatively immune from such suspicions but when it was announced that the Crédit Agricole one of the pillars of the conservative French banking system had made substantial losses on one of its funds, bank shares trembled. The fact that the French economy has only felt the aftershocks of the financial earthquake does not mean that it will not be affected by the global repercussions. The idea that it might be a good thing for Banque de France to make the public aware of what has been going on as did the Bank of England does not seem to have made much progress, memories of the collapse and the bail-out of the Crédit Lyonnais are still too present. In any event, the economic outlook for France is not particularly good.

How are the new president's reforms going to affect this? To be clear, not much has been reformed up to now. There have been a number of tax concessions which basically make life a little easier for the middle and upper classes. These have been somewhat more extensive than intended, in particular tax relief on home loans, originally intended to apply only to loans taken out after the election, were rapidly extended to apply to all recent loans after popular protest. This seems to be a pattern, start by talking tough and then make sufficient concessions to those affected by the reforms so that the opposition melts away. This was clearly the case in the recent transport strikes where negotiations have led to changes in salaries and working time to offset the additional period needed to get a full pension. Several things were worth noting about this episode. The strikers' cause was not popular since their privileged pensions were regarded as unfair. Another feature was the role of the unions. France has very low union membership, under 8 per cent, the lowest in the major industrialised countries, but the 'conventions collectives' between employers and employees are negotiated by the unions. This means that the unions are not always, in harmony with, nor in control of, those whom they are supposed to represent. As a result, despite agreement at the national level, the workforce involved may refuse to accept the agreement. This is, in part, what has been happening recently. The fact is that we are far from what the *Economist* called 'Sarkozy's Thatcher Moment'.

However, it is worth looking at two 'reforms' to see what form they take and how they reveal the underlying problem with the French economy. The first illustrates the idea that the way to solve basic problems is to add additional legislation. The idea of a new law, the Loi Chatel, amongst other things was to increase the competition in the retail sector thereby driving the price of basic goods down and justifying Sarkozy's claim to be the Purchasing Power President. There is an earlier law in France obliging manufacturers to sell to retailers and wholesalers at the same price. This is independent of the size or nature of the firms involved. So, Carrefour and Casino pay the same prices for branded goods as the small retail grocers. There is also a subsequent law which allowed manufacturers to grant rebates, *ex post*, as payments for more shelf space etc. This was completed by defining a maximum discount that can be made on goods i.e. how much of the rebates could be passed on to the consumer. This was supposed to prevent selling at a loss. What is odd is the result of this succession of rules. Now, the major source of revenue for supermarket chains is that provided by the rebates on branded articles. What is more, branded items have increased in price at an annual rate of 4 per cent, well above the rate of inflation. Somehow, the result of all this legislation is that supermarkets have aligned their prices on those of branded products and the consumer has seen none of the benefits from the rebates. Again, it has to

be said that only the major supermarket chains receive the rebates unlike the so-called 'Hard Discount' chains.

The alternative was to allow the retailers and the manufacturers to negotiate the price of goods freely and this is what LeClerc, one of the leading chains, proposed. Instead the government chose the new additional complication. This was to protect the manufacturer against the pressure of the big retailers. It seems somehow difficult to believe that Nestlé has to be protected against Carrefour. Nor does the argument that this will protect small stores hold much water. I go to the local vegetable shop because the produce is fresh and I can find out what is going on in our village, not because of price. This is true for most of their customers. In the same law that added this extra layer there were to have been measures to oblige banks to provide an annual statement as to their charges. Economists of any persuasion would be in favour of more consumer information but this provision disappeared. Furthermore there was to have been a law to allow mobile phone customers more freedom to switch providers. This was replaced by a more complex provision saying that if you have a contract with one provider for two years you can get out after eighteen months but you must pay one quarter of the other monthly payments. France has difficulties detaching itself from its over-administered and over-legislated past.

A second example illustrates the other barrier to real reform, inertia. Valérie Pécresse, minister for the universities, has passed a law which will make universities more autonomous. But what universities need in France is a complete overhaul. It seems evident that universities should differentiate themselves and try to attract students to whom their courses are attractive. The students should also be allowed to select those universities which are best for them and then there should be a matching process. Thus, universities would, choose amongst those who apply. Since the French university system is public there is no real market but this in no way prevents the sort of system I have outlined from developing. Many countries have such systems and the only argument against them is that they penalise students who cannot afford to study far from home. Yet a system of scholarships/loans could take care of this. Berkeley gives financial aid to 60 per cent of its students. Students need financing since they select and are selected by institutions which may be far from home. In the French system the word 'selection' is taboo. Yet, almost nobody objects to the existence of the Grandes Ecoles which are highly selective and expensive for the public purse. The Grandes Ecoles which get the best students would like to be integrated into the university system if the universities were openly differentiated. As it is we have moved in 50 years from a system where 9 per cent of 18 year olds obtained the bac to one where the aim is 80 per cent. How are universities to deal with this?

.....continued on p.14

Royal Economic Society's Annual Public Lecture

Climate Change, Ethics and the Economics of the Global Deal

The Society's 2007 Annual Public Lecture was given by Nicholas Stern in Manchester on 29th November and in London on the 30th. We reproduce here a dramatically shortened summary of Lord Stern's talk.

What I want to do today is to say something about the Stern Review but I want to look forward to Bali for which people will be departing next week. What we're looking for at that gathering, is a commitment to find a deal between now and 2009 and at least some understanding as to what that deal might look like.

I do realise that there are people here who are not economists and I'll try to make what I have to say accessible. You have to use lots more economics than you would normally use in an applied policy problem. Of course, those of you who are not economists, it is partly your fault. Actually, it's largely your fault. You could have made different choices at different times but I will be tolerant — or try to be. Most of what I'll have to say is about how to reduce greenhouse gas emissions so that we bring the risks of climate change into an acceptable range.

Now, what is the problem? Economic activity, economic activity results in the release of greenhouse gases. That *flow* of greenhouse gases builds up into a *stock*. So there's a stock in the atmosphere at any given time. It's the stock that causes the warming. Now it's not particularly the warming itself that's the problem, although there are issues, major issues of heat stress and so on. It's climate change that's the problem and the global warming causes the climate change. And that manifests itself mostly in some way or other, through water — storms, floods, droughts, sea level rise. There are long lags in this system. So nothing we do now is going to affect the climate in ten or 15 years time but what we do now can, from

about 30-35 years onward, have a very significant effect on the way in which climate change occurs. So we have to take a long-term view. Further, it doesn't matter where a unit of a greenhouse gas comes from, Manchester or London or Sydney or Adelaide or Beijing or Los Angeles. It has the same effect. So this is global and it's long-term. There's lots of uncertainty at every step along the way. We don't know precisely the quantity or type of emissions associated with the economic activity. The way in which the flow builds into the stock also has uncertainty in it as does the way in which the stock influences climate. The



way the climate influences people's lives has uncertainty. Every step along the way, there's lots of risk and uncertainty involved. So, because of this flow-stock problem and the long build-up and the fact that CO₂ stays around for a very long time, we know that some consequences of our actions will, over a reasonable period of time, 100-200 years, be essentially irreversible. Once a species is extinct, it doesn't generally reappear.

So let's look very quickly now at the science. Climate change hits us on all sorts of dimensions and it hits us harder as the temperatures go up. If we look at the chart on the next page, we can see that we are quite a way over to the left of that picture. We have seen an increase of only 0.8°C. 'Only', you say; but of course some of the effects of that are already quite strong. Record droughts in Australia, record floods in Bihar at the moment, big floods in major parts of Africa, particularly East Africa this year. Even record floods in Gloucester, and Worcester. Those of you who like your cricket will remember the Worcestershire cricket pitch being underwater. Now that's probably the least of our problems. But what I'm emphasising here is that you're seeing record events: not simply one in 100 events becoming one in 30 events. You're seeing record events. Events that never occurred before, just on an 0.8°C rise. But we're going to have to contemplate an increase a good deal bigger than that. And we won't be able to keep it much below two, even if we're very sensible. So what we're talking about is trying to deal with a world where this increase might be kept down to two, or two-and-a-half degrees, centigrade. What are the probabilities that these kinds of things will happen? Well, it depends on the stock as I've already argued. At the time of the Industrial Revolution, say

roughly the middle of the 19th century, we were at 280 parts per million of 'CO₂ equivalent' in the atmosphere. We're now at 430. So we've already added 150 ppm. We're now adding at a rate of about two-and-a-half a year and that rate itself is increasing. Over the next century, if we do nothing, that two and a half would easily average four. So if we did nothing for a century, the stock would be up to way over 800.

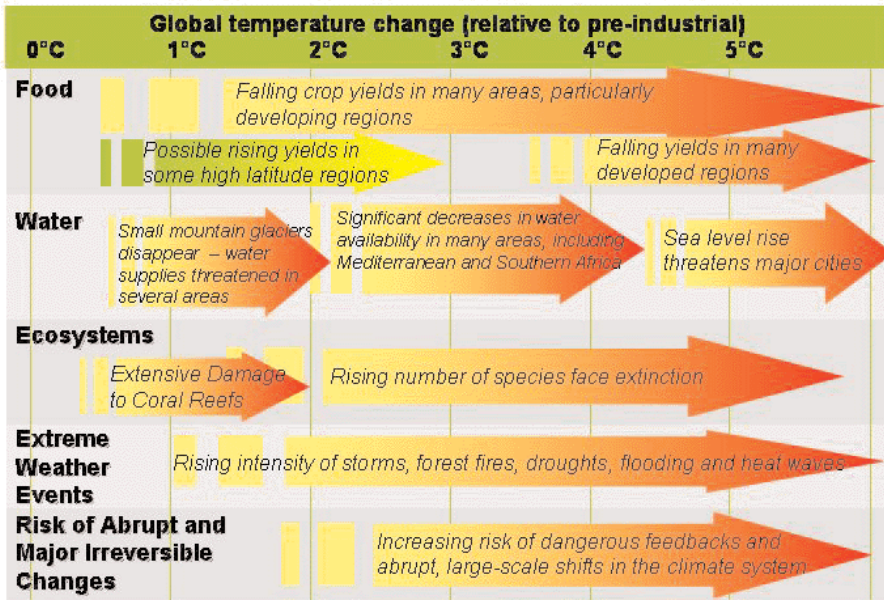
a bit warmer than we are now but that was only by two or three degrees. So five degrees is way outside human experience. It would be absolutely transformational. In all probability, we'd see the collapse of the ice sheets, definitely in Greenland, probably also West Antarctica. That would lead to well over 10 metres of sea level rise. Most of the world's coastal cities would be flooded in that environment. The snows and glaciers on the Himalayas are

essentially the water tower or the sponge that gives a steady discharge through the year, down the major rivers of the world. Billions of people are dependent on those rivers. If we just count the countries for which these are the major rivers, they involve roughly a half of the humankind. All this would result in major movements of population and conceivably in massive conflict.

Suppose we accept that argument that we should stabilise below 550. That gives us targets, it anchors economic and scientific and environmental policy. It will tell us for example, that we ought to be cutting flows by about 50 per

cent by 2050 if we want to be comfortably below 550. And that was what was agreed in Heiligendamm at the G8 Summit in June of this year. I think many people exaggerate the cost of doing this but it is going to be costly. A number of models estimate the cost of CO₂ as about \$30 per tonne. This is what is called the 'marginal abatement cost', what it costs to take the last tonne out of the atmosphere.

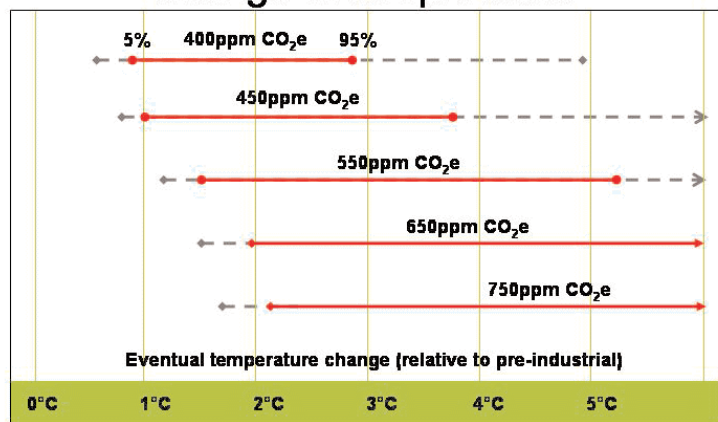
Projected impacts of climate change



What are the implications for temperature? In the chart on the right, the solid lines represent, in effect, confidence intervals: there's a five per cent chance of being off the top, or bottom, ends. So, if we managed to stabilise the world at 550 parts per million, we'd have a bit over a five per cent chance of the temperature rise being above 5°C. If we stabilised at 450, then we can be reasonably confident that we'd hold the temperature increase below four. And the average temperature increase is roughly in the middle of these red bars. What we took in this red bar is a fairly standard central model which comes from the Hadley Centre. So we are very close to the 450. We'll be at 450 in eight years or so. And that will give us roughly a 50:50 chance of being either side of two degrees centigrade. If we stabilise below 550, we'd have a roughly 50:50 chance of being below, if we stabilised at 550, we'd have a roughly 50:50 chance of being above or below three degrees Centigrade eventually. If we go forward on the basis of 'business as usual' and we go up to 750 or so, then there would be something like a 50:50 chance of being either side of five degrees centigrade warmer. And that would be, in most people's judgment, absolutely devastating.

What kind of consequences do you get from a rise of five degrees? The science is quite quiet on the subject because it doesn't really know. Three million years ago, we were

Stabilisation and eventual change in temperature



When it comes policy recommendations, cost is not the only issue. There are ethical issues involved as well. How do you treat this generation relative to future generations

in thinking about your equity and your understanding of responsibilities? Do you discriminate by date of birth? Do the young get less weight than the old? Do the people about to be born get much less weight than the people who are already here? The way I've put it should make you shout 'no!' but amazingly, there is a large number of people who think you should give much lower weight to people who are 30 or 40 years younger than those who are 30 or 40 years older. It's an argument that's always puzzled me. You do have to think about distribution. Future generations may be richer or poorer than us. That will matter and that's very important. Within a generation there will be very difficult equity issues. And you also have to ask yourself, how do you value environment and lives?

The discounting issue has attracted a lot of attention. I shall say only one or two things here. The first is that discounting, how much you value an extra unit that comes later relative to an extra unit now, that idea of discounting is something which is quite difficult to deal with in this context, for the very basic and simple reason that you're comparing paths corresponding to different choices we make about how much we cut our emissions, you're dealing with very very different paths. Normally in economics we deal with investment projects which you know, build a bit of railway now and get the returns in terms of railway services a little bit later. This isn't one of those. So it's a big, non-marginal, problem and the kind of tools that are conventionally used in very simple-minded approach to cost benefit analysis, can't be applied directly here. There are several ways to think about this problem. We tried to raise them in the 'Review' but a lot of the discussion on discounting that you'll find in the literature, and watch out for it, makes the basic mistake of not recognising this as a problem involving very big changes. I haven't got the time to go into any detail here but it's an important and interesting issue which I think economists now are starting to handle much better than they did a couple of years ago in the economics of climate change.

What policy instruments do we have to use? People have to face up directly to the costs of the actions, the damages they're doing to others. We can do that through taxes, you can do it through carbon trading. Carbon trading is where you're not allowed to emit carbon or not allowed to emit carbon above a certain level without a permit and you have to buy that permit. And those permits can be traded. So allocations say, '...if I'm allowed to emit carbon up to a given level, and I go under it, I can sell how much I've gone under it. If I go over it, I have to buy the right to go over it'. In the EU, we already have the Emissions Trading Scheme which got off the ground in the last couple of years. It's moving into its second phase next year and the cost of carbon in the second phase is about 20-22 euros a tonne, getting into the kind of range that I think is sensible. I think it will have to be a fair bit higher than that eventually but at least that's starting to work. It covers half of our emissions in Europe. If you ask people, do they pay carbon taxes at the moment, they'd probably say,

'no'. They'd be wrong. Half of our emissions are actually covered by the EU Emissions Trading Scheme.

We have to design these trading schemes well. It's very important, in my view, to move to auctioning of permits and not just giving them away. Auctioning of permits, of course, gets your public revenue. It will focus people's attention a bit more strongly and get them to move more quickly and, of course, giving say, all the airline permits to the big airlines would actually give you more problems of oligopoly and market power. So there are all sorts of reasons for auctioning permits. I think it's sensible to go to that gradually because firms made their plans before carbon pricing was there and they have to adjust. And you have to think about how price volatility might work as well. If you stick to quantity constraints, there will be volatility of prices. If you fix prices, there'll be volatility of quantities. My own view is that quantity is so important. Let us deal separately with the volatility in prices and try to think through how we can make prices less volatile. There are ways of doing that.

We are also going to have to bring forward technology very quickly. I don't believe that just by having a price for carbon, we'll see fast enough technical progress because we're in a real hurry. And of course, there are all kinds of market imperfections, particularly associated with energy efficiency. There are all sorts of reasons why people don't go for really energy efficient projects, for example, in their own home. We have to understand that better. Partly it's information, partly it's transaction cost. These are just the kind of market imperfections that economists struggle to analyse. Economists tend to think that people do things because of sticks or carrots, 'incentives'. Actually people sometimes think about responsible behaviour. So I think public discussion and debate about responsible behaviour will actually make a difference. I think it's starting to make a difference. I'm an economist. I start with the sticks and carrots and I'll go on starting with the sticks and carrots. Forget those at your peril but it isn't the only part of the story. And I've already emphasised the importance of deforestation.

Let's think a little bit now about the equity of all this. As I said, we've gone from 280 pre-industrial times to 430 now and 550 should be the actual maximum. Currently, United States is at 20 tonnes per person, Europe over 10 tonnes per person, China at least five, probably six, India one tonne per capita and most of Africa a good deal less than one tonne per capita. If you just look at the flows, it is extraordinarily inequitable. But as I've said right from the beginning, this isn't just a flow story. It's also a stock story. If we're taking a route between the 280 that we were, before pre-industrial times, and the 550 which is the maximum we should end up, that's adding another 270 from the 280. And that's a maximum we should be adding and we've already added 150 of it. There's only 120 left. Who took the lion's share of that 150 already added?

.....continued on p.14

Some Problems of Data Presentation for Economists

Did you know that there is a British Standard covering the presentation of tables and graphical material? And if so, do you refer to it? In the following article, Sally Bigwood and Melissa Spore of Plain Figures, draw attention to some common errors — an uncomfortable number of them drawn from the pages of this publication.

The popular press and annual reports of small charitable organisations may be cluttered with over-engineered, non-communicative tables and graphs, but economists, for whom numbers are bread and butter, should be familiar with the basic principles of data presentation. These are found in BS 7581:1992 *The Presentation of Tables & Graphs*, a little known British Standard offering guidance on how to set out data for easy comprehension. It strikes us that readers of economics literature should expect to apply their efforts to understanding economic theories, ideas and principles; their time should not be wasted by having to unravel the meaning or purpose of a particular display. That should be obvious.

We have examined tables and graphs from a variety of economics publications and the *RES Newsletter* seems to typify the kind of mistakes that frequently occur: inadequate labels, confused titles and design that obscures the message. These fly in the face of BS 7581, which insists that the chief consideration of data presentation should be convenience to readers and the intended use of the data. With that in mind, here are a few pointers:

Firstly, round numbers. Rounded numbers are easier to use, compare and recall later. BS 7581 says to consider the use to which the data will be put and round if it is not misleading. So there may have been ‘1,398.5 full time economists’ working in academia in 2004 (Issue 133, page 6) but ‘1,400 full time economists’ does not distort the picture and sticks with the brain longer. Similarly, survey results can be rounded from an awkward 24.38 per cent to a sensible 24 per cent. If you are concerned that rounding means your columns will not add up, include a footnote saying something like ‘Figures have been rounded so columns may not total.’

Secondly, for your readers’ sake, keep tables and graphs simple, similar to those in the *Economist*. Use restraint with gridlines, embolding, italics, borders and shading. Avoid 3-d graphs — they are gratuitously complex and look amateurish. Also avoid data labels on graphs: if your readers need the numbers give them a well laid out table, not a cluttered graph. Directly label bars, lines and pie slices. This promotes accurate interpretation and makes

graphs more interesting — compare Figure 1(a) from Issue 136, page 15 with the alternative presentation in Figure 1(b).

Figure 1a: X

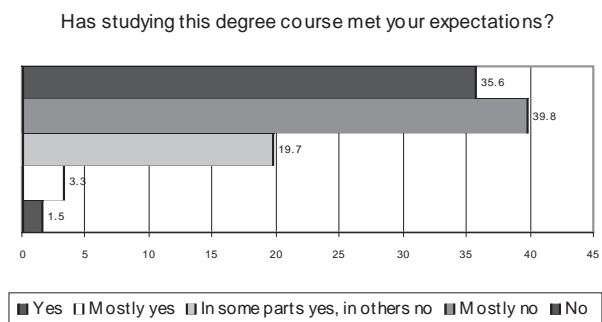
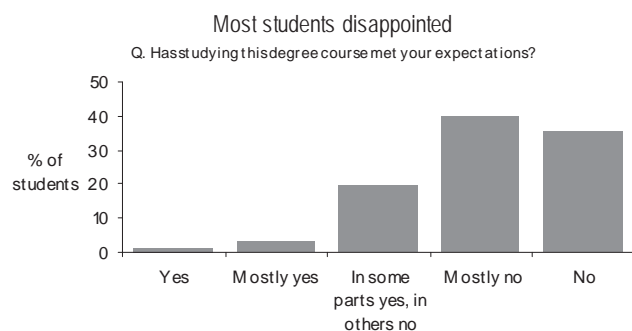


Figure 1b: ✓



Thirdly, tables and graphs should be self-explanatory. Readers should not have to refer to the surrounding text nor puzzle over the display to understand what it is about. Titles and labels should be coherent and comprehensive. Lack of axis labels in several recent *Newsletter* articles left us baffled, at least for a few minutes. One instance is the graphs in the entertaining and informative article ‘The Parallel Worlds of Economics and Cricket’ (Issue 131, pages 5-7). The lack of an x-axis label on the Figure 1 bar chart in that article meant we had to re-examine it several times before we understood it. On the next page,

Figure 3 is a line graph with an X-axis label helpfully explaining that '1997, 1999, 2001 and 2003' means years. Sadly there is no label explaining the '400, 450, 500, 550 and 600' on the Y-axis! The author would probably argue that in both cases the information is in the title, which is true, but readers should not have to search for it. Axes should be labelled for the convenience of readers.

It follows that wording on tables and graphs should be horizontal, large enough to read and double-checked. A surprising number of tables and graphs are published with errors in titles or labels; proof readers don't seem to catch them. A typical example is a bar chart (Figure 1, Issue 138, page 22,) entitled 'Figure 1, Academic grade by gender - full time academic, balanced panel 2004-2006'. Readers who study the surrounding text will conclude that it actually shows the percentage of women by academic grade in 2004 and 2006.

Finally, in tables, watch the layout: single space rows, order numbers (usually largest to smallest) and place comparative items together. Readers can then more easily observe patterns and exceptions in the data. Inspection of Figure 2 (a) in Issue 137, page 14 and the alternative presentation Figure 2 (b) shows that a little effort on presentation allows readers to see immediately, for instance, that respondents are about twice as likely to

receive medical than other benefits and, of those in receipt of it, males outnumber females five to one.

We do not mean by the above paragraphs that economists are worse at data presentation than others. Recent *Newsletters* include many examples of good practice as one would expect with a numerate profession. Since data presentation is rarely taught at universities, it's a wonder anyone does it well.

Editor's note:

As regards the examples here quoted, we are guilty as charged. By way of mitigation, however, we would point out that the tables/charts we receive are almost always embedded in Word (or similar wordprocessing) documents. We are very rarely offered the data from which the tables and charts were compiled. Re-designing is thus a major task and is sometimes impossible without access to the original source. No doubt this could be obtained with effort, but we should have to sacrifice the 14-day production time that we try to achieve. There is a real trade-off between timeliness and accuracy. Future contributors are warned that they will be asked for the source data to accompany their submission!

Unfortunately BS 7581 costs the equivalent of £3.45 per page! S Bigwood and M Spore, *Presenting Numbers Tables & Charts* (Oxford U P, 2003) is much better value.

Figure 2(a) X

	Male	% of respondents	Female	% of respondents	Total	% of respondents
<i>General benefits</i>						
Medical	45	49	9	43	54	48
Housing Assistance	4	4	1	5	5	4
Company Car	22	24	4	19	26	23
<i>Pension scheme</i>						
Respondents in a pension scheme	84	92	19	90	103	92
etc						

Fig 2(b) ✓

	Numbers			% of respondents		
	Male	Female	Total	Male	Female	Total
<i>General benefits</i>						
Medical	45	9	54	49	43	48
Company Car	22	4	26	24	19	23
Housing Assistance	4	1	5	4	5	4
<i>Pension scheme</i>						
Respondents in a pension scheme	84	19	103	92	90	92
etc						

They do so by failing over one third of the students in the first year and of all students entering, only 20 per cent get a degree and of the rest many transfer into technical establishments. This is the worst sort of selection; it is expensive and discouraging for the students and universities have tried to answer it with quick and low level first degrees which fit students for the local job market. But this is being done by all 85 universities and they have some difficulty producing high level research at the same time as giving low level professional training. None of the tasks is unworthy but it is unreasonable to ask all universities to do all of them and to tell the students that their degree will have the same value wherever it comes from. The fiction serves neither the universities nor the students. It is also unfair to the public which has little idea of what happens at universities and considers them to be hotbeds of potential revolt and not much else. Careful parents send their children to the 'classes préparatoires' for the Grandes Ecoles or to an Institut Universitaire de Technologie. The latter were originally intended to provide the lower level of professional training I mentioned but, since their students find jobs, they have now become selective.

Did we get a reform that moved in the right direction? No, what we got was a 'mesurette' which gives power to university presidents to nominate deans and the members of the appointments committee for each job. If this dictator were benevolent this might be an improvement on the current system, but if a local baron takes over the result could be disastrous. Again, certain words and reforms are taboo. Although the students are no worse than anywhere else they will continue to labour under the burden of an inefficient system which is not adapted to the current situation.

The main student union rapidly agreed to a slightly modified version of the law but many universities have been partially closed as a result of mass protests. Yet none of the students interviewed has any idea as to what the law actually contains. They feel that this is a first step to the privatisation of universities, though where that idea comes from is a mystery. On research and teaching, an organisation called 'Sauvons la Recherche' has been demanding more funds. But this is just putting more fuel into a vehicle with an engine that barely works. What is needed is a real reform such as that put forward by Bernard Belloc, an economist from Toulouse, years ago. Now, he is Sarkozy's adviser on higher education, he has had to trim his sails and the result is the mesurette in question.

But all is not lost, there is one radical reform which comes into effect on January 1st, when smoking will be banned from all cafés and restaurants! Gone are the images of Sartre and others sipping their café with a 'magot' hanging on their lips. The French way of life will never be the same again. So Sarkozy *is* doing something to change the system? Not at all; this reform was passed over a year before he was elected. The only surprising thing is that he did not give in to the pressure from the tobacconists and modify it!

That's pretty obvious; around 75 per cent were the rich countries. So if you think of this as a well, a well of additions which was 270 big, we've already drunk 150 of it and one lot drank the most. Less than 20 per cent of the population drank the lion's share. And that's more than half of the well. So we shouldn't wonder why developing countries are so incensed at the inequity of all this. It's the rich countries that have been largely responsible for the problem, particularly if you think of it in the stock sense and it's the poor countries going to be hit earliest and hardest. So the first reaction is, '...you caused the problem, you rich countries, you less than 20 per cent of the world's population, you sort it out'.

We've all got to cut back. We understand that even if the rich countries went to zero by 2050, there'd still be a problem. Because the way to get from 40-45 gigatonnes in terms of the annual emissions flows, down to 20-25 gigatonnes, we've all got to be involved. 20-25 means getting the world average per capita of around seven tonnes with six billion people now down to two or three with a world population of nine billion. The only country in the world, of the big players, that's actually below the two or three tonnes we need to get to, is India.

In Heiligendamm in June of this year, the G8 committed to 50 per cent reductions by 2050. Exactly in the kind of range I was talking about. In California, 80 per cent reductions by 2050. Gordon Brown, recently said the UK should be thinking very seriously of moving its 60 per cent reduction target by 2050 to 80 per cent. Talking and committing are very different from doing. But rich countries with strong targets will help. It's the right way to start and all this has happened in this calendar year.

Deforestation emits more, is responsible for more emissions currently than all of air, sea, road, rail transport put together. You can't go charging around telling other countries how to run their deforestation policies, but you can support them in serious attempts to hold back on deforestation. We could make a very big difference quite quickly. I think with a fund of 10 or 15 billion dollars a year, to could cut deforestation by up to half. We have to commit and share technologies. We're going to need nuclear, we're going to need renewables but we're also going to need carbon capture and storage for coal because many countries in the world are going to use coal for their electricity generation. And we have to decarbonise electricity generation because that will give us zero carbon road transport and rail transport as well.

Within the last year we have seen reluctant politicians, John Howard, George Bush, being pushed by their public to recognise the urgency of climate change. That's what makes me more optimistic. But I'm only more optimistic than I was a year and a half ago. It's tough and it's difficult to put these deals together but the next two or three weeks in Bali are going to be crucial steps along the way.

A life in economics

Avinash Dixit

Earlier this year, Avinash Dixit from Princeton was awarded an honorary degree by the University of Warwick. Andrew Oswald took the opportunity to find out more about his career.

AO: So why are you an economist, Avinash?

AD: Largely by a series of accidents — starting out as a mathematics undergraduate who liked maths but not pure maths all that much, nor physics applications, I began hunting round for other kinds of applied maths and discovered economics. Very fortunately, my tutor at Cambridge put me onto Samuelson's *Foundations* and gradually I got interested.

AO: You have worked across an unusually large range of areas. Is one article or book a particular favourite?

AD: That's almost like children, right, asking which of your children you like best (Oswald laughs). Really I should say it's the one I am working on right now, and somehow funnily enough that's almost always the case, whatever one is working on. But the work on irreversible investment and uncertainty was particular fun to do, and ended up being a big problem and also a nice application of techniques.

AO: How did you get into that area?

AD: While reading what people like Paul Krugman and others were doing, and thinking that there had to be a rigorous mathematical way to do this, and looking round to find the right techniques. And it just all came together — again a series of accidents.

AO: That's a couple of times that you have mentioned techniques or methods, perhaps because in a sense that's how you came to go into economics. Have you sometimes in a problem been driven by, let's say, a down-to-earth idea, rather than a method?

AD: Yes. However, it's when the two come together that it becomes most interesting for me. A lot of people make a distinction between maths and intuition, but for me really the two should come together. I think this is when one gets the best understanding.

AO: Some people, Avinash, would not entirely agree. Plenty of social scientists would say — including me, I guess, though perhaps it is the Methodist-preacher blood coming from my grandfathers — do their work because in some small way they hope to make the world a better place. They might not use those exact words, but that's a way to paraphrase it. A third group of scholars and sci-

entists are interested in unlocking complicated puzzles per se; they are problem-solvers. A fourth group want to shape actions in society and so on. Do any of those ring bells with you?

AD: Yes. It's of course valuable, especially for economists, to do work that will benefit society. But it's also valuable to do simply what is research of good scholarly quality and sometimes there is a kind of trade-off between the two. Should one deliberately start by saying, hey, I am going to work on something of social value? It just might not be someone's comparative advantage to do such work. My belief is that there are lots of economists around, and others might be better at doing that. Overall, the subject as a whole, and even socially valuable work as a whole, will progress best if people follow their comparative advantage. I had always believed this but thought I should keep it to myself because most people regard it as a 'politically incorrect' attitude. But I decided that I should go public with this view when I found a beautiful and cogent argument in its defence, with great examples, in *Surely You're Joking, Mr. Feynman*. If it works for Richard Feynman, it can't be a bad way to do research (even if my achievements fall way short of Feynman's).

AO: You must see many young economists as well as older ones. Perhaps they ask you for advice. What would have been useful for you to have been told by the older Dixit whispering into the ear of the younger Dixit (if such a thing were possible with some kind of time machine)? For what it is worth, my own bit of advice to incoming Warwick PhD students across all disciplines — I have to give a speech to them during part of a general training day at the start of each new academic year — is: if everyone likes your work then you can be sure you haven't done anything important (simply because to move a discipline forward one has to go against established ideas, and to some degree against those who have made the ideas famous, and it is only human that, if only subconsciously, those individuals aren't keen on that).

AD: Do whatever you find most fun to do and whatever you are best at doing. I don't see much point in torturing oneself, hating every moment of the work, just because one feels it's got some social value somewhere out there. That's usually a guarantee, I think, for doing mediocre work.

AO: So you would actually emphasise to young researchers they should enjoy their research lives first and let the social purpose or the policy ramifications come second?

AD: Along with even more selfish goals, like is this going to be the best way to get tenure. All the other valuable things will be by-products.

AO: If you look back on the way economics was done, and the substance of economics, when you were a younger man, and compare it to now, how do you see what's happened in economics, and perhaps in social science?

AD: In many ways, economics is in good shape, especially because of the things like game theory and information economics on the theoretical side and a whole lot of econometric and computational methods on the empirical side are some things that one would never have thought possible when I started out. And they have really changed our thinking. Just to give one example, think of Michael Spence's idea of market signalling. We now see signals all around us, and when I was a graduate student the concept simply did not exist. That has been one of the most important things to come along in the last 40 years.

AO: Are there any other one or two things that really come to your mind as having surprised and shaped your subsequent thinking?

AD: I think the incremental work of improving theory has been going in the right direction. But let mention a negative thing which I am powerless to do anything about. A big difference that has taken place in the last 40 years is that when I started the typical working paper, double-spaced, was 20 to 25 pages. But now they are 60 to 70 pages, and as I get older and my eye sight deteriorates especially, I find this a terrible thing. I wish people would put their ideas in a punchier, simpler way.

AO: Let me take you back to, you mention, the Spence model, the work of Michael Spence. If you had to think of a small number of other big intellectual influences on you, or things that you think have really changed our way of thinking, what might come to mind?

AD: For me, something that was not actually taught in graduate school, but was coming along at the same time, was Tom Schelling's work on strategic moves — commitments, threats and promises — and their credibility. That to me made game theory come alive in a way that even beautiful proofs of the minimax theorem or Nash's equilibrium theorem never really could. And I learned it by reading Schelling's books, not in any courses.

AO: It might be interesting if you could look to the future. Obviously it is very hard to know, but do you have any forecasts for us or a sense of where we might be 40 or 50 years from now?

AD: I think trying to speculate in that way is usually a mistake. But the first thing that comes to my mind as a good thing to happen will be, so to speak, delineating the frontier between behavioural economics and conventional neoclassical economics. Behavioural economists, particularly in lab experiments, have found departures from many orthodox economic behavioural assumptions. And others, like John List in particular, have found in field experiments that among experienced traders in markets sometimes orthodox economic theory applies quite well. So a combination of experiments and theorising, one hopes, will sort that out over the coming years.

AO: So, let's see if I understand, are you implying that field experiments, actual experiments in the world, will be very important to economists in the future?

AD: My belief is that both field and lab experiments have some substance in them and which one is closer to being right depends on circumstances, what kind of context one is looking at. So a more systematic understanding of what's right, or whether some mixture is right in variety of particular context or applications, I think is an important thing that should be on research agenda.

AO: Finally, I think we could say that there has been a kind of broadening of economics towards other social sciences. The edges now appear to me, anyway, to be rather blurred. Do you have a view about whether you think that's a good and natural thing, and where we might end up in the future?

AD: Absolutely: I think that's an excellent development. What is particularly good is that, unlike in days where at least some economists set out on a kind of conquest of the rest of social sciences, these days there seems to be a genuine merger rather than a takeover. Economists have much to learn from case studies of historians, sociologists, political scientists, lawyers, and even anthropologists, and those scholars can learn methods of theoretical and empirical economic analysis to benefit those other social sciences. It may be possible, although that's perhaps an unlikely and very distant goal, that social sciences that split into a half-dozen disciplines a 100 years ago might even, at least to some extent, eventually come back together.

AO: That is an interesting idea. Thank you very much, Avinash. Is there anything else you would like to add? Perhaps we will persuade the Royal Economic Society to print it up as a kind of interview in some form or other. Anything else you would like to say, for the record?

AD: I don't know if either they or you will want it printed, but here is my reaction as I read, say, page 50 of the 70 page paper. I am reminded of the character Elaine in the show *Seinfeld*. (AO: I am not a big TV person, I confess). She is watching the movie of *The English Patient*. Finally she bursts out 'quit telling your stupid story about your stupid desert and just die'. That's what I think when I am on page 50 of a 70 page paper. Even a really good one!

Annual conference

Money, Macro and Finance Research Group

As reported briefly in the last Newsletter, the annual conference of the MMFRG was held at Birmingham Business School, University of Birmingham, September 12-14. This is the report that we promised, prepared by Peter Sinclair and Andy Mullineux

The 39th annual conference of the MMFRG was hosted by Birmingham Research into Economics and Finance (BRiEF) at the Birmingham Business School (BBS), University of Birmingham, 12-14 September 2007. BRiEF is a research grouping of members of the Department of Economics and the Finance Group within BBS and some of its members served as the Scientific Committee for the conference. The 2007 conference attracted a large number of high quality paper submissions. 47 papers from overseas participants were accepted and 143 delegates registered. In all, over 117 papers were presented.

The conference was divided as usual into plenary sessions and parallel sessions. The parallel sessions were held in the BBS's well-equipped seminar rooms. There were themed sessions running through the conference on: Monetary Policy, Banking and Finance, Development Finance, Growth and Business Cycles, Trade and Exchange Rates *inter alia*. And Special Sessions organised by Eric Girardin and Jean-Bernard Chatelain for the GdR Monnaie et Financement (the MMFs French sister organisation) and John Driffill (Director, ESRC World Economy and Finance Programme).

Keynote speakers

The four keynote speakers were Professor David Hendry (Nuffield College), who gave the *Journal of Applied Econometrics* Lecture; Dr Athanasios Orphanides (Governor of the Bank of Cyprus); Dr Erik Berglof (Chief Economist of the EBRD); and Ross Levine (Brown University). David Hendry's address ('Forecasting Structural Breaks, and Nonlinearities') began the conference. He gave a fascinating account of 'super-saturating' regressions, which involved determining the values of the coefficients of a very large number of regressors (potentially far, far greater than the number of observations). The trick is to keep repeating estimations always with a different subset of possible regressors. One of many pay-offs is the opportunity this provides for pinpointing breaks far more accurately and without prior guesswork.

Empirical work in macroeconomics, monetary economics and financial economics will doubtless take growing advantage of these exciting new techniques.

In the start of his address ('Acknowledging Imperfect Knowledge in Monetary Policy'), Governor Orphanides took us from the future to the past — to the identification of periods when policy makers have been relatively gung ho about the feasibility of macroeconomic or monetary control, and other periods that were steeped with scepticism. Much of his talk was grist to the sceptics' mill. It was very unclear that a single model could ever capture (in its deterministic elements) all that really mattered, or commanded wide agreement or application. In the standard Taylor model, doubts centred particularly on the output gap, and the 'natural' or 'neutral' rate of interest. The concepts were reasonably clear; it was the measurement, Orphanides argued, that posed troublesome challenges, because off-model shocks and series breaks of many kinds made them perilous concepts in practice.

Erik Berglof's address ('Financial Development and Growth in Transition — A Reassessment') reviewed economic and financial restructuring in CEE states, which had done a large part of what was required in pursuit of EU membership, and former CIS states, which despite having done less appeared to display a slowing down of their reforms. A two way causality between finance and growth was evident in the regions the ERBD served and there was clear evidence of ongoing financial development with higher than expected penetration of foreign banks; but access to finance for micro and SMEs remains limited and bank domination continues, with banks enjoying high profitability. Finance tended to be arms length, rather than relationship based, and private equity funds were active in restructuring enterprises. Erik Berglof concluded with an assessment of Russia, noting that reforms had slowed under President Putin, but the economy and the financial system had recovered since the 1998 crisis. The banking market remained fragmented but with too much domination by the partially privatised former state banks Sberbank and VTB (which together had 50

per cent of the market) and by non-bank state-owned enterprises.

A special feature of this year's conference was the inclusion of the Maxwell Fry Global Finance Lecture. This is normally hosted by BBS annually in October in Max's memory. Max's lively participation in past Money Study Group and MMFRG events made the inclusion of the lecture into the 2008 MMF Conference particularly appropriate. To celebrate Max's work in Development Finance, Professor Ross Levine was invited to give the lecture. Ross Levine is an expert in this area (and he had been a Ph.D student thirty miles away at UCLA, where Max would often drive from Irvine to participate in their graduate and faculty seminars). Ross Levine lectured on 'Finance for the Poor'. He argued that greater competition in financial markets filled gaps in credit markets that afflicted the poorest most seriously, enabling them to smooth consumption or set up businesses on much better terms; that cheaper credit raised the demand for labour; and that cross-sectional inter-state evidence from the US, and cross-country evidence, both confirmed a negative association between finance and income inequality.

All in all, it was a highly successful conference (thanks in large measure to the efficiency of Gabrielle Kelly, P.A. to the Finance Subject Group in BBS, and her team). The occasion gave participants numerous networking opportunities, and many new ideas to chew on. The MMFRG looks forward to welcoming our international colleagues to its 40th conference at Birkbeck College (London) next year (10 -12 September, 2008).

New Social Science Umbrella Body on GEC Research

The attention of RES members is drawn to the newly-formed UK National Committee on the Human Dimensions of Global Environmental Change (UK HDGEC), which is keen to include economists working in the field.

The establishment of the UK HDGEC marks a significant step forwards in equipping the social science research community across all relevant disciplines to tackle these questions, assuring research leadership in a fast-developing and dynamic field, and in efforts to influence policy and practice. Sponsorship is being provided by the ESRC.

This new committee is affiliated with the Royal Society's Global Environmental Research Committee, and with the International Human Dimensions Programme on GEC (IHDP), headquartered in Bonn, Germany. Over sixty other countries have similar national committees to channel a wide range of research expertise to be directed into national and international programmes, strategic planning and policy debates.

Further details can be found at www.ukhdgec.org.

Centre for Economic Performance

A list of recently published discussion papers, as well as *CentrePiece* Volume 12, Issue 2, is available at:

<http://cep.lse.ac.uk/pubs/>

The papers cover the following topics:

- Cost-Benefit Analysis of Psychological Therapy
- Maternal Smoking During Pregnancy
- The 'Waterbed' Effect in Mobile Telephony
- Information Technology, Organization, and Productivity in the Public Sector — Evidence from Police Departments
- Intra-Industry Foreign Direct Investment
- Technological Diversification
- Incentives and Invention in Universities
- The Shimer Puzzle
- Search Frictions, Real Rigidities and Inflation Dynamics
- The Evolution of Inequality in Productivity and Wages
- Trust-Based Trade
- Productivity, Aggregate Demand and Unemployment
- Fixed Effects Models of Patent Citations
- Measuring Organization Capital in Japan
- Inequality and Redistribution in the UK, 1983-2004

ESRC Centre for Competition Policy

Forthcoming events

• April 2008: The School of Economics at UEA is organising a conference, with support from CCP and the ESRC, on the theme of *Reconciling Normative and Behavioural Economics*, due to be held at the University of East Anglia from **3-5 April 2008**.

For further information see our website: <http://www.ccp.uea.ac.uk/events.asp?id=28>

• July 2008: The 2008 Annual Conference will explore the boundaries of competition policy and the appropriate balance between regulation and competition, both in general terms and using examples from particular sectors. The object of the conference, due to be held on 7 and 8 July 2008 is to use insights from leading economists, legal scholars and political scientists to understand where the application of competition policy is constrained or may need to be tempered. For further information about our annual conference please see our website: <http://www.ccp.uea.ac.uk/events.asp?id=29>

Publications

New working paper:

A Medvedev (2007) 'Structural Remedies in Merger Regulation in a Cournot Framework' CCP Working Paper 07-16

Executive summary available at: www.ccp.uea.ac.uk/policybriefings/CCP_07-16_pb.pdf

Obituaries

Terence Hutchison

Born 13th August 1912 in Bournemouth, Terence Wilmot Hutchison attended Tonbridge School and then Peterhouse, Cambridge where Pigou and Keynes counted amongst his lecturers and Joan Robinson was his tutor. Graduating in 1934, he took up a post at the University of Bonn where he met and married Loretta Hack, with whom he had three children. In 1938 he left Germany for Baghdad but soon moved on to India to enlist in the British Army. After the war he lectured at the University of Hull before moving to the London School of Economics in 1947 and finally to the University of Birmingham in 1956 as Mitsui Professor of Economics. He held this post until his retirement in 1978. His wife died in 1981. In 1983 he married Christine Donaldson who predeceased him in 2003. He died 5th October 2007 in Winchester.

Apart from the academic side of his life he had a great love for cricket. At the age of 93 he recounted on Channel 4 — during the final of the Ashes series in 2005 — his memories of the 1926 Ashes Test!

A moderate and modest man, he had a great love for his family: his three children and six grandchildren with their spouses as well as 14 great-grandchildren all attended his funeral.

A factor that had an important early impact on Hutchison's professional life was the Great Depression. Soon after going up to Cambridge to read Classics in October 1931, he responded to the developing economic catastrophe by deciding to switch to Economics and Politics. His urgency to begin with the study of economics led him to complete the two years of Part I in Classics in one year, before graduating in 1934 with a First in Part II of the Economics Tripos. From this time onwards, for Hutchison, the *raison d'être* of economics lay in its ability to provide practical advice that would lead, as he was fond of phrasing it, to less unsuccessful economic policies.

Another factor that had an important early impact was his exposure to the work of Wittgenstein via his friendship with two fellow students at Cambridge who were among Wittgenstein's note-takers. Their response to Joan Robinson's *Economics is a Serious Subject* reinforced Hutchison's scepticism concerning Robinson's methodological claims. When Robbins advanced views along similar lines in his 1932 *Essay on the Nature and Significance of Economic Science*, Hutchison decided to

investigate at first hand Robbins's references to the German literature by taking up the post in Bonn.

The result was his 1938 classic *The Significance and Basic Postulates of Economic Theory* which, along with Robbins's *Essay* and Friedman's *Methodology of Positive Economics*, set the agenda in the methodology of economics for most of the remainder of the 20th century. In 1940 it was catapulted into the limelight when Frank Knight scathingly attacked it as a wrong-headed attempt to introduce logical positivism into economics. Later in the 1950s Fritz Machlup sought to present it as a form of ultra-empiricism. For various reasons both these responses misrepresented Hutchison's 1938 intervention which, although drawing significantly on the then new ideas of logical positivism, fundamentally still followed in the tradition of a long line of British empiricists from Locke, Hume and Berkeley onwards. Hutchison's aim in 1938 was not to proselytize positivism but instead to reassert the influence of a broader empiricism, and at the same time to counter the growing influence of a *priorism*, in economics.

It was from within this broader empirical tradition that Hutchison turned, at the London School of Economics, to his other main interest: the history of economic theory. This resulted in 1953 in the first of his major publications in this field, *A Review of Economic Doctrines, 1870-1929*. Unusually for a British author, this displayed a deep knowledge of the continental literature of this foundational period in neoclassical economics. Following numerous other works on the history of economic thought in the intervening years, he published *Before Adam Smith* in 1988. In this he comprehensively covered the emergence of political economy in the century preceding the *Wealth of Nations*. Among other concerns, it neatly exposed the fallacy of the conventional view of Smith as the founder, virtually *ab initio*, of modern economic theory. It was also a good example of the method Hutchison advocated, namely detailed empirical (in this case historical-empirical) examination of the question at hand.

Within the broad British empirical tradition, Hutchison consistently counselled caution when it comes to generalization in economics. Over his lifetime he has stuck — through thick and thin — to repeatedly drawing attention to the crucial role of assumptions, and in particular to the perfect knowledge assumption, in underpinning the central core of orthodox economic theory: the general maximizing self-adjusting model of economic behaviour. To view Hutchison's concern with the inadequacy of theorizing based on this assumption as that of a naïve empiricist

is not only mistaken, but too easily dismisses the extent to which economics still has much to learn from this long-standing empirical tradition.

Hutchison's empiricist bent was revealed once again in his *On the Methodology of Economics and the Formalist Revolution* published in 2000. Here he argued that since the second world war there had been a profound transformation in economics in that its practitioners had become concerned more with the techniques of formal modelling than with empirical content. Form had come to dominate content. In similar vein he noted the tendency in the post-positivist, postmodernist era for economic methodologists to be concerned more with meta-methodological questions of scientific method than with engaging in critical, fundamental scrutiny of actual trends in economic theory and policy.

Hutchison himself once wryly remarked: 'In terms of professional career advancement, methodological criticism has an obviously negative pay-off'. It speaks to Hutchison's integrity that in spite of such awareness, throughout his remarkably long publishing career (over ten books and dozens of articles from 1935 to 2001), he never shrank from trenchant criticism of a priorism in economics. At the same time he took every opportunity to put forward the case for a more empirical approach. For Marshall, economists 'deal with man as he is: not with an abstract or "economic" man; but with a man of flesh and blood'. Terence Hutchison was, par excellence, such an economist.

John Hart
University of KwaZulu-Natal
Durban

Gavin Cameron

Gavin Cameron, Reader in Macroeconomics at Oxford University and Fellow of Lady Margaret Hall, was one of the most talented economists of his generation. His research contributed to a remarkable number of economic fields; his teaching inspired many cohorts of students; his wisdom and advice were valued by those in business and government; and, perhaps most importantly, his love and friendship were cherished by his family and friends, his co-authors and colleagues, and his students and supervisees.

Gavin was born in Amersham on 3rd April, 1969. He was fiercely proud of his Scottish ancestry, prompting many of his friends to refer to Amersham as the 'Highlands of Buckinghamshire.' His academic success began with a hard-won scholarship place at Merchant Taylors' School. He subsequently graduated, at an early age of only 20, with a first-class Bachelor's degree from Lancaster University, before going on to gain a Master's degree in Economics from Bristol University.

Rather than move immediately into academic research, Gavin first worked as a Government economist. His practical interests in policy-relevant economics were established and he retained those interests when he returned to academia, two years later, to Nuffield College, Oxford. He combined his own work toward his doctorate with his duties as a Research Officer on a major ESRC research project, and began long and productive research collaborations with many colleagues, notably John Muellbauer. Gavin completed his doctoral thesis on productivity growth, research and development, and the open economy, in 1996. He continued as a Research Fellow at Nuffield before becoming, in 2000, a University Lecturer at Oxford and a Fellow of Lady Margaret Hall. In 2006 he proudly became University Reader in Macroeconomics.

Gavin's research interests spanned the economics of innovation and productivity; macroeconomics and growth economics; and the applied econometric modelling of consumption, housing, labour markets, and regional economies. He was an 'all rounder' to an extent that is now somewhat unusual. His research papers reflect a sophisticated knowledge and understanding of macroeconomics and econometrics, as well as other fields of economics, and are distinguished by a painstaking and rigorous approach to data and empirical analysis. He published in a wide variety of internationally recognized journals, including the *Economic Journal*, *European Economic Review*, *Journal of Applied Econometrics*, and the *Journal of Economic Growth*.

His paper in the December 2005 issue of the *Journal of Economic Growth* is, in many ways, representative of Gavin's work. The paper examines convergence between productivity levels in Japan and the USA, and the shifting balance between imitation and innovation as Japan approached the technological frontier. The analysis examines these questions using flexible econometric models applied to industry-level data, and shows the care and attention to detail that characterized all of Gavin's work.

At the time of his death, Gavin was extending his research interests further, to investigate issues that included unemployment in European regions and the possible bubble in UK house prices. As these projects indicate, he was attracted to research questions that had immediate relevance and lessons for policy. He was committed to the idea that economic analysis should play a central role in government policy, and that economists should seek to engage and communicate with policy-makers and the wider public. He devoted considerable time and effort to this, partly through journalism (including his celebrated appearance as 'Dr Doom of the Housing Market' in 'Tonight with Trevor McDonald') and partly by taking on a number of advisory roles. These included his service as a special advisor to the House of Commons Select Committee on Trade and Industry, as a member of the Academic Panel for the DTI Innovation Review academic panel, taking part in the preparation of substantial mat

Gavin's desire to engage and communicate extended naturally to high-quality teaching: he was one of the best lecturers in the business. Each audience member in his lectures felt part of a personal conversation with him. Unlike many modern lecturers, he was at his best when equipped only with a blackboard and chalk. Although he used them with skill, he had no need to rely on modern visual aids. Despite his illness, he was at the height of his lecturing skills shortly before his death. During the 2007 Summer School of the Oxford's Business Economics Programme (an institution which delighted Gavin by allowing him to educate high-flying members of the business community) many of the delegates were struggling with concepts from short-run macroeconomics. Gavin stepped in, backed by only a blank flipchart, and gave what can only be described as a masterclass in macroeconomics. Every member of a tough audience (including Gavin's colleagues) walked out enlightened.

Gavin was also a natural in Oxford's tutorial environment, in which he developed lifelong friendships with his students. In recent years he conducted tutorials from his living room in Oxford, which enabled him to combine some of his favourite activities: talking about economics while taking afternoon tea.

As well as contributing to Oxford University and Lady Margaret Hall in many capacities, Gavin also gave time to serve the economics profession. He refereed for dozens of journals and publishing houses, served on editorial boards, and was a co-editor of the *Oxford Bulletin of Economics and Statistics*. For the Royal Economic Society he was an innovative and effective programme chair for the 2006 conference, despite battling with many hospital visits at the time.

On a personal level, Gavin was an unusually popular figure, with a gift for friendship. He had an easy warmth and decency that were obvious on first meeting him, along with a mischievous sense of humour that was never far from the surface. He was not only good company, but also generous and principled. His friends and colleagues were often attracted by his modesty, which revealed itself over time as something that ran deep, and that formed a natural counterpart to his principles. Having lost his parents at an early age, he cherished his remaining family, particularly his wife Julia, whom he married in 2006, and his sister Birgita.

Perhaps less obviously to all but a few, he showed great courage in overcoming the problems imposed by life-long cystic fibrosis; his courage was recognized in 1997 when he won the Cystic Fibrosis Trust Academic Achiever of the Year award. He tended to conceal his health problems or make light of them, and lived an unusually full life with enthusiasm and good humour.

Gavin died on 9th September 2007 while waiting for a lung transplant. His memorial service, held at the University Church in Oxford, was attended by many friends, aware they had lost someone special. It is not an

exaggeration to say that, among the many people who knew him well, he was not only respected but loved.

To his family and friends, his co-authors and colleagues, his students and supervisees, Gavin represented, and will continue to represent, the things that are really important: the learning and wisdom that is prized by all in academia, and that the friendship and love that is prized by everyone. We miss him.

Jonathan Temple, University of Bristol

David P Myatt, University of Oxford

David Wall

David Wall was born on 27th July 1940 in Bootle, Liverpool and died on 16 August 2007. Much of his professional career was spent at the University of Sussex which he joined in 1965 and where he stayed until 1996. Right from the start, he supplied much of Sussex's economics discourse, and the proportion did not seem to fall as the economics faculty grew from four to forty! There were three reasons for his enduring influence: his practice as a research economist, as a teacher, and as a professional and colleague.

As development economist, David expressed, firmly and sometimes sharply, a mindset far from the mainstream in the 1970s and 1980s. Yet he did not make enemies by doing so, partly because he was straightforward and eager to engage in discourse. Also, he helped other development economists by concentrating, well ahead of his time, on the impact of trade restrictions and liberalisation on development.

David was much influenced by Chicago economics. This is unpopular in development circles, because it is often caricatured (and sometimes practised) as a presupposition that free markets always produce the best results for developing countries. However, the caricature is put to rest by a collection of *Chicago Essays in Economic Development*, which David edited with a valuable introduction in 1972. This sort of Chicago development economics, when done well (as David did it), asserts not that free markets are ideal for development, but that particular actions to replace or improve markets have to be judged, not by their proclaimed intentions, but by effects first explained in a theoretical context, then tested empirically. Following this approach, in *The Charity of Nations* (1973) — still a useful book — David reviews the conditions under which various sorts of aid achieve the results that donors and recipients claim to want.

As a professional and colleague, David showed persistence and perseverance, usually justified, on a range of matters at Sussex meetings, and did more than his share of administrative chores. But his contribution was more interesting than that. He was far 'ahead of the curve' in seeing how global trends — in economics and in the

economy — would change the requirements for economics at Sussex, and indeed in Britain. Better still, he was active and effective in helping the university and the profession to adapt. In the area of trade and development, he was secretary in the 1970s of the ESRC-funded International Economics Group, which became a meeting place for international economists, from doctoral students to leading experts such as Max Corden and Martin Wolf.

While his initial area of specialism was Latin America, he was in the vanguard of those who helped Sussex and economics to adapt to, the opening and expansion of China. From the 1980s he trained a succession of doctoral students at Sussex, and formed links to some of today's leading Chinese economists. They came to regard him as a friend of China. He was extremely careful never to criticise the Chinese people but always to focus his comments on the Communist Party or some other body, so that he could be critical without offending national pride. At the same time he never gave way on issues such as the importance of democracy, the need to work on human rights and the position on Tibet as well as Taiwan. He sought to engage his Chinese colleagues in debate but not to humiliate the powers that be or individuals.

David never really retired from working, but in his later years moved increasingly from economics towards international relations issues, and started working on new areas: Central Asia and North Korea. As with China, he sought both to develop contacts and to prepare British thinkers for the inevitable large changes that will come with economic opening.

On all these development issues where he was in advance of the pack, David showed considerable entrepreneurial skills in a succession of posts: first in 1994-7 at the Asian Development Bank Institute (Tokyo) and the OECD Development Centre (Paris), and since 1996 at the School of Oriental and African Studies, Churchill College (Cambridge), and Chatham House. All this involved getting groups together and raising research funds. He sometimes hinted self-deprecatingly that this was maximising behaviour on his part. In reality, he well knew that giving such services to colleagues and students provides little cash or kudos. It discharges an intellectual's debt to the community.

He enjoyed a remarkable ability to relate effectively to officials and academics in developing countries and concentrated on understanding their problems without trying to suggest solutions. He worried a great deal that foreign 'experts' were all the time prescribing standard solutions to development problems whereas what most of them needed was someone to listen to the way *they* saw their problems and what they thought they really needed. He combined this with a devastating contempt for humbug.

In the same context of professional obligation, David was a prolific, sharp but unmalicious reviewer. He described a collection of papers in honour of Thomas Balogh, *Unfashionable Economics*, as not so much serious analysis

as enforced eulogy ... one paper says [that Balogh] taught his pupils that it was right to say what they believed. Is it more accurate to say: he taught his pupils to say that what they believed was right? Another provocative review article was *The New Missionaries*, deconstructing (i.e. taking to pieces) the International Labour Office's 1971 analysis of Sri Lanka's employment problems.

As a teacher, David is fondly remembered by many students (including over 20 PhDs) as patient, informed, and often inspiring. He helped many new arrivals, first from Latin America and later from Africa and especially China, to adapt to different conditions of both life and study. His successes are embodied in many who carry forward his work and analytical spirit around the world. He had a huge effect on their lives and since his death many have written to express gratitude for his strenuous efforts to provide the supervision they needed, whatever the difficulties they were facing. One of them subsequently wrote 'He steered me through my thesis. I would never have made it without his support and friendship.' David never bowed to fashion, never grand-standed. He was one of the most honest people I ever had anything to do with. And he cared. He went out of his way to be supportive, way beyond the formal requirements of academic supervision. That is how we became friends and stayed in touch for more than 30 years.'

I am pleased and lucky to have known David as economist, researcher, teacher, reviewer and professional, and above all as a close friend for many years. Together with his wife Nancy, I have enjoyed the wines they shared so generously, their collection of classical music, the paintings that he collected in China, the garden he and she grew, the countryside where he loved to walk. You can see in David's interests, house, garden, and above all family, the Sussex University ethos of looking across disciplines towards a broader context of human activities that, somehow, fit into each other.

Based upon a funeral address by Michael Lipton, University of Sussex, with contributions from Nancy Wall.

Point Pedro Institute of Development

PPID is an independent, private and non-partisan social science research institution based in Northern Sri Lanka, which specialises on conflict and economy. It publishes regular working papers, all of which are freely available.

The website (and the papers) can be accessed at:
<http://pointpedro.org>

RES news items

2007 Young Economist of the Year Essay Competition Winners

Zoe Hart from Colchester Royal Grammar School beat strong competition from 750 other entrants to win the competition with a sharp analysis of the economics of teenage pregnancy in the context of the labour market and benefit system.



Lord Stern presented her with her trophy and a cheque for £1,000 at the Annual Public Lecture on 30 November.

The two runners-up, Winson Tsang (The Royal Grammar School, High Wycombe) and Alec Scragg (Colchester Royal Grammar School) both received trophies and cheques for £500 each.

One-year junior fellowship scheme Academic year 2008/2009

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

Heads of University Departments of Economics in the UK are being invited to put forward candidates for these fellowships. The closing date for applications is **2 May 2008**.

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

Postgraduate students should not make direct application to the Society.

RES Annual Conference 2008

The 2008 Annual Conference of the Royal Economic Society will be held at the University of Warwick from

Monday 17 to Wednesday 19 March 2008

Keynote lectures include:

Susan Athey (Harvard)

Ernst Fehr (Zurich)

Hyun Shin (Princeton)

The Local Organiser of RES2008 is Dr Natalie Chen (res2008@warwick.ac.uk).

The Programme Chair is Professor Jonathan Temple (respapers-2008@bristol.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/annualconf.asp

Annual General Meeting

The Annual General Meeting of the Royal Economic Society will be held on Monday 17 March (16.45-17.30) during the Society's Annual Conference (17-19 March 2008) at the University of Warwick.

Appointment of new Secretary-General

Professor Richard Portes is stepping down as RES Secretary-General at the end of his current term in June after fifteen years of magnificent service to the Society.

A committee set up by the RES Council and chaired by its current President, Sir John Vickers, is considering expressions of interest from potential candidates to succeed Richard.

In January the Committee will draw up a short list, have discussions with short-listed candidates, and make recommendations for Council to decide in February, ahead of the Society's AGM at the annual conference in Warwick on 17 March.

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 or via the Society's home page on the internet (www.res.org.uk).

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

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.

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

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

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

Application forms and further particulars may be obtained from either:

http://www.res.org.uk/society/grants_fellowships.asp

or Professor Anton Muscatelli, Principal and Vice-Chancellor, Heriot-Watt University, Edinburgh, EH14 4AS. Fax: + 44 (0) 131 451 3330 E-mail: s.smilie@hw.ac.uk

Royal Economic Society PhD School in Econometrics on Model Selection

to be held at Nuffield College, Oxford

Speakers include:

**J.A. Doornik, D.F. Hendry,
K.D. Hoover, B. Ptscher, H. White**

Further information from:

www.nuff.ox.ac.uk/users/nielsen/res/EasterSchool2008.html

The course is supported by the ESRC methods program.

Support for small academic expenses

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

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

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

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

The closing dates for applications are **31 January, 31 May, and 30 September** each year and applications will only be considered at these times.

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

Professor Anton Muscatelli, Principal and Vice-Chancellor, Heriot-Watt University, Edinburgh, EH14 4AS. Fax: + 44 (0) 131 451 3330 E-mail: s.smilie@hw.ac.uk

Conference Diary

2008

january

25-26 January

Italy

First international conference in memory of Carlo Giannini on the subject **Recent Development in Econometric Methodology** to be held at the Università de Bergamo. The organisers encourage the submission of original papers (both theoretical and empirical) which will help in the evaluation of recent developments in time series and panel data analysis, Bayesian econometrics, financial econometrics, non-parametric and semi-parametric econometrics. Of particular interest will be papers on models of breaks, jumps and long memory, forecasting, panel factor models, VAR analysis, modeling multivariate financial time series and volatility.

Further information from: Giovanni Urga at (giovanni.urga@unibg.it and g.urga@city.ac.uk) or www.cass.city.ac.uk/conferences/recentdevelopments/index.html.

march

17-19 March

Warwick

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

Further information from: See page 23 and www.res.org.uk/society/annualconf.asp

24-26 March

Cambridge MA, USA

2nd WSEAS international symposium: Management, Marketing and Finances (MMF 08). MMF 08 will be held jointly with the American Conference on Applied Mathematics at the Gutman Conference Centre of the Harvard Graduate School of Education.

Further information from: <http://www.wseas.org/conferences/2008/math08/mmf/index.html>

april

21-23 April

Scotland

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

Further information from: www.scotecsoc.org

24-25 April

Rostock, Germany

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

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

30 April - 1 May

Ontario, Canada

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

Further information from: David Mayes at d.mayes@auckland.ac.nz

may

20-22 May

Warwick

CALL FOR PAPERS

Annual Public Economics UK (PEUK) Public Economics weekend to be held at the University of Warwick. Papers on any aspect of public economics will be considered. Submissions should be sent by **1 March 2008** to Fiona Brown (f.brown@warwick.ac.uk).

Further information from: www.ifs.org.uk/peuk

21-24 May

Lisbon, Portugal

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

Further information from: www.ohio.edu/itfa/

28 May

Münster, Germany

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

Further information from: Pierre L. Siklos at psiklos@wlu.ca

29-30 May

Frankfurt, Germany

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

Further information from:
www.ifk-cfs.de/index.php?id=9&tx_ttnews

29-31 May

Rethymno, Greece

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

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

june

5 June

Oxford

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

Further information from:
www.wiwi.uni-muenster.de/me/aktuelles/index.html

9-10 June

Liverpool

CALL FOR PAPERS

*Conference on **The Changing Role of Agency in the Development Process** to be held at the University of Liverpool. The conference will focus on the role of agency (includes individual, group and institutional agency) in the development process. It will also feature two special debates on War and Development and Aid Effectiveness and a special session on the development process in India. Submissions of abstracts of papers that explore the changing role of agency and the implications this has for development are invited. Proposals can be sent to agency@liv.ac.uk.*

Further information from:
Supriya Garikipati at S.Garikipati@liv.ac.uk or www.liv.ac.uk/agencyconference

11-12 June

Bristol

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

Further information from: evie.norman@bristol.ac.uk
or www.bris.ac.uk/CMPO

19-20 June

Luxembourg

CALL FOR PAPERS

*Conference on **Money, Banking and Finance** organised by GDRE. Deadline for submissions, **19 February 2008**.*

Further information from:
www.univ-orleans.fr/deg/GDRecomofi/Activ/call2008.htm

25-29 June

Istanbul, Turkey

CALL FOR PAPERS

*Fifteenth annual **IEA World Congress**. The central topic will be the Challenge of Globalisation. Submissions dealing with innovative microeconomic methods which help to understand and address some of the challenges faced by globalised economies are welcomed. Electronic papers and abstracts should be sent by **1 February 2008** via the website: www.iadb.org/res/iea.cfm*

Further information from: www.iadb.org/res.iea.cfm

july

4-6 July

Cambridge

CALL FOR PAPERS

Tenth annual conference of the **Association of Heterodox Economics (AHE)** to be held at Anglia Ruskin University. Abstracts should be submitted by **27 January 2007** to Ioana Negru (i.negru@anglia.ac.uk).

Further information from: to Ioana Negru (i.negru@anglia.ac.uk) or www.hetec.con.com.

9-11 July

Wellington, New Zealand

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

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

14-16 July

Sheffield

CALL FOR PAPERS

Annual conference of the **Work, Pensions and Labour Economics Study Group (WPEG)** to be held at the University of Sheffield. The Programme Committee invites submissions of papers 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. Papers should be sent by **29 February 2008** to Andy Dickerson (wpeg@shef.ac.uk). Proposals for the organisation of Special Sessions on particular topics are also welcome.

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

27 July - 3 August

Berlin, Germany

The first Summer School of the **Research Network in Macroeconomics and Macroeconomic Policies** takes place in Berlin-Pichelssee. The theme will be 'Keynesian Macroeconomics and European Economic Policies'.

Send a letter of motivation (max. 2 pages), CV and the address of one academic adviser who may be contacted for reference to torsten-niechoj@boeckler.de no later than **31 March, 2008**.

Further information from:
www.boeckler.de/cps/rde/xchg/hbs/hs.xsl/33_89470.html

27-31 August

Liverpool

CALL FOR PAPERS

Annual conference of **European Regional Science Association (ERSA)**. Deadline for paper submission is **14 January 2008**

Further information from:
www.liverpool.ac.uk/ersa2008/

5-6 September

Athens, Greece

CALL FOR PAPERS

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

Further information from: www.de.aueb.gr

18-20 September Amsterdam, The Netherlands

CALL FOR PAPERS

Twentieth annual conference of the **European Association of Labour Economists (EALE)** to be held at the University of Amsterdam. The aim of the conference is to facilitate the exchange of research ideas and results across a range of fields in Labour Economics. Papers should be submitted (electronically) by **1 March 2008** via the website below.

Further information from:
www.eale.nl/Conference2008/Call%20for%20Papers.htm

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.

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Ordinary UK member: £48 + £2.40VAT = £50.40
Ordinary EU member: €72 + €3.60 = €75.60
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Reduced rate members: \$39/€36/£24.00 + GST/VAT as appropriate.

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

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

..... in payment of my subscription for 2008.

Name:

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Address:

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Occupation.....

Date.....