Royal Economic Society

NEWSLETTER

Issue no. 119 *October 2002*

ROYAL ECONOMIC SOCIETY

Blaming the referee

In many professional sports, growing dissatisfaction with refereeing decisions has led to the introduction of various technological aids in the form of closed circuit television, slow-motion replays, infra-red light beams and much more. Alas, no such aids are available to the referees of journals whose decisions may also have serious implications for professional development. In the last year, we have received a number of letters critical of the process, focus.sing mainly on the speed of response. But variable (and sometimes very slow) response times are not the only issue. A survey of economists' experiences, currently being undertaken in the Department of Economics at the University of Kiel, looks set to open a range of anxieties — about the quality of the reports, the effect of the report on the editor's decision and even the extent to which 'refereed journals' are enti.ttled to that name. We shall notify members when the results are published. Naturally enough, these anxieties are not peculiar to economics and we have produced a brief survey of the existing literature.

A closely related issue is the quality of journals and the extent to which publication in highly-rated journals can be taken as shorthand for the quality of articles themselves. Bernd Süssmuth of the University of Bamberg and Ulrich Woitek of the University of Glasgow draw attention to the correlation between the gradings in the 2001 RAE and the extent to which a unit of assessment had published in a small number of journals. John Beath replies on behalf of the Economics and Econometrics Panel.

In the last issue, we included a very interesting article by Sir Alan Budd commenting on Bryan Caplan's research findings about public economic illiteracy. We shall have more practitioner comments on economic research in future issues but here Professor Caplan argues for a bolder public stance on the part of economists.

In addition to all this, we have Angus Deaton's regular letter from America — on the Bush administration's confused attitude to international development — and two notable firsts which underline the benefits from our efforts to reduce publication times. In previous years, reports on the Money, Macro and Finance Study Group and the British Association (Section F) annual meetings have had to wait for the December issue. This year we have managed to include them in the October issue — within a month of their taking place.

Finally, and with much sadness, we include in this issue a large number of obituaries marking the passing both of eminent colleagues and of good friends to the Society. That there are so many is partly a reflection of the rapid expansion of academic economics in the 1940s and 50s. Sadly, there will be many more.

In this issue

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Newsletter

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Next issue

Newsletter No. 120 - January 2003

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

December 13 2002

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

December 14 2002

Contributions from readers

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

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

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Letter from America —

International development and the Bush administration

In the lastest of his regular letters, Angus Deaton of Princeton University looks at the confusion over international economic development policy at the heart of the Bush administration, and the role played in this by the recent appearance of two books which, in very different ways, are stridently critical of international development policy.

After two years, the Bush administration has revealed itself to be a good deal less confident and surefooted on economic policy than was its predecessor. No one of the same political or intellectual stature has emerged to take the place of Robert Rubin or Lawrence Summers, and the President has frequently found himself making his own economic pronouncements, often with less than entirely happy results. This uncertainty affects international, as well as domestic economic policy, and is in marked contrast with foreign policy, where self-doubt and openess to argument are not the obvious characteristics of the administration.

No more bailouts

The key figure is Secretary of the Treasury Paul O'Neill, who has worked in both the public and private sectors, most recently as CEO of Alcoa. His BA is from Fresno State in California, and he worked his way up within the government from a computer analyst to deputy director of the Office of Management and Budget in the mid-1970s. He is an economic conservative, with a great belief in markets and in the ability of corporate America to solve almost any problem. This is combined with a concern for the poor, and especially for the health of the poor. He was widely respected (though not by the hardliners in the current Bush administration) for his attention to and success in improving occupation health among workers at Alcoa, as well as for health-related work in the community. (So his African tour with Bono was less out of character than it may have seemed.) O'Neill is also a man of impeccable manners, courteous to a fault, and possessed of real intellectual curiosity; unusually for someone in his position, he tends to share, argue, and debate his views.

> *O'Neill came to Treasury determined to reverse the positions of his predecessor. There were to be no more bailouts; the market was to be allowed to do its work. ... These positions have taken a beating over the last two years.*

O'Neill came to the Treasury determined to reverse the positions of his predecessor. There were to be no more bailouts; the market was to be allowed to do its work. Targets for development assistance in terms of shares of GDP were anathema; instead, loans were to be replaced by grants, and projects were to be judged strictly by results. These positions have taken a beating over the last two years. On development assistance, while the Treasury was still maintaining its stance against increasing aid, the White House announced substantial increases in funding. Although the Treasury will administer these funds, it was clearly unaware of the change in policy in advance of its public announcement. More battered still is the policy on bailouts. While it is unclear that it is possible for the US to stand by and do nothing about crises in Latin America, it has been worse than that. In the context of Brazil's recent difficulties, O'Neill commented that the US was not going to lend money that would finish up in Swiss bank accounts. Not only did these sentiments exacerbate the crisis, but they made American assistance inevitable, if it had not been so in the first place.

...and no more aid

Two recent books by economists have played a prominent part in these events. The first, by Bill Easterly,[1] on economists' misadventures in the tropics, is an eminently readable account of development failures over the last few decades, interspersed by vivid and heart-rending vignettes of poverty around the world. The book is much stronger on its analysis of what has not worked than its prescriptions for what should be done ('incentives matter'), and will be much enjoyed by professional economists for its exposition in intelligent lay language of how the technique of instrumental variables solves the causality problem. (The intelligent lay public is likely to doubt the sanity of economists even further.) Easterly was for many years leader of the macroeconomics group at the World Bank, where cross-country growth regressions were his stock in trade. (He is currently at the Center for Global Development, a change of position that is supposed to have been a consequence of the book.) In the spirit of cross-country analysis, where each country is just another 'sample' point, the economic successes of

China and India, accounting for forty percent of the world's population, are notably absent from the book, and economic development is characterized as a uniform failure. Perhaps not surprisingly, this combination of the condemnation of development assistance, on the one hand, together with the 'voices of the poor' on the other, proved irresistible to Paul O'Neill, who repeatedly used the book to justify his position on no more aid. 'Have you read Bill Easterly's book?'

Stiglitz on the IMF

The other, even better-known book, is Joe Stiglitz's diatribe against the IMF, with the excellent Freudian title, *Globalization and its Discontents*.[2] Although a member of the Clinton Administration as Chairman of the Council of Economic Advisors, and later Chief Economist of the World Bank, Stiglitz's targets are those who worked alongside him, Lawrence Summers, and especially Stanley Fischer, long at the IMF. Stiglitz's book has become the bible, not of the Treasury, but of the anti-globalization movement, who cite it as support for the belief that globalization has increased world poverty and inequality. (In fact, the book doesn't actually say so, not least because, if we don't count those at the top of each page, it is almost entirely free of numbers.) Stiglitz's book has provoked great resentment within the IMF, which published an open letter of denunciation written by Ken Rogoff, a newcomer to the Fund from Harvard, and one of the world's leading international economists. The World Bank, which is far from unified on the issues, responded by placing on its web site the complete video of the debate (which had originally been intended as an off-the-record session), and the video presents a much more balanced picture. Stiglitz's book is easy to attack; its self-righteous hindsight is grating, its attack on Stan Fischer's integrity is a terrible mistake, and its facts are far from properly checked. All of which is unfortunate, because the obvious flaws have allowed his detractors to avoid the enormously important issues that he has an unsurpassed authority to discuss: the governance of the IMF and the World Bank, whether the IMF acts in the interests of its member countries or of Wall Street, the desirability of unlimited capital movements, and the intellectual puzzle of the proper role of the Fund for the free-market fundamentalists who now largely control it.

How all of this will work out remains unclear. There are rumors that Paul O'Neill will not survive beyond the mid-term elections in November; certainly, the right-wing of the Republican party is even less happy with him now than they were two years ago. From the outside, a most welcome development has been that issues of economic growth, world poverty and inequality, and development aid are being debated by the public, by academic economists, and by students with an intensity and commitment that has been absent for many years.

Notes:

1. W Easterly (1999) *How did Highly Indebted Poor Countries Become Highly Indebted?: Reviewing Two Decades of Debt Relief*, Washington: World Bank

2. J Stiglitz (2002) *Globalization and its Discontents*, London: Allen Lane.

Correspondence

Yet more on refereeing...

Sir,

On the continuing issue of excessive delays in response to journal submissions — I have many examples. Currently I have two papers that have been at Journals over a year!

* *International Journal of Finance and Economics* (Manuscript sent 23 October 2000). No reply from editor in response to six monthly enquiries.

**Review of Development Economics* (Manuscript sent February 2001). In October 2001 the editor said he had recieved a favourable report, but wanted to wait for a second report. No further news and efforts to contact the editor have failed. (The editor has apparently changed during this period, but even the publishers do not know who the new editor is — or at least are unable to tell me!)

I hope this is helpful: all self-serving editors should be rooted out!

Yours,

Professor Eric J Pentecost
Loughborough University

The case of the missing bust

Sir,

I wonder if I could raise the following two matters in your pages.

At a recent visit to the British Library of Political and Economic Science, housed in an impressive part of the LSE named after the late Lord Robbins, I wanted to see the bust of my old mentor and friend, the late Sir John Hicks, which I understood was placed there. Sir John had given his Nobel Prize award to the library, as he judged it was the best way to invest that money. Surprisingly the librarians I encountered were unable to help.

I also encountered difficulty renewing my library card (admittedly of a rather ancient vintage). Being a Life Member of the Royal Economic Society (actually since the 1950s) appeared not to help.

Could anything be done about either or both of these two matters?

With many thanks in advance.

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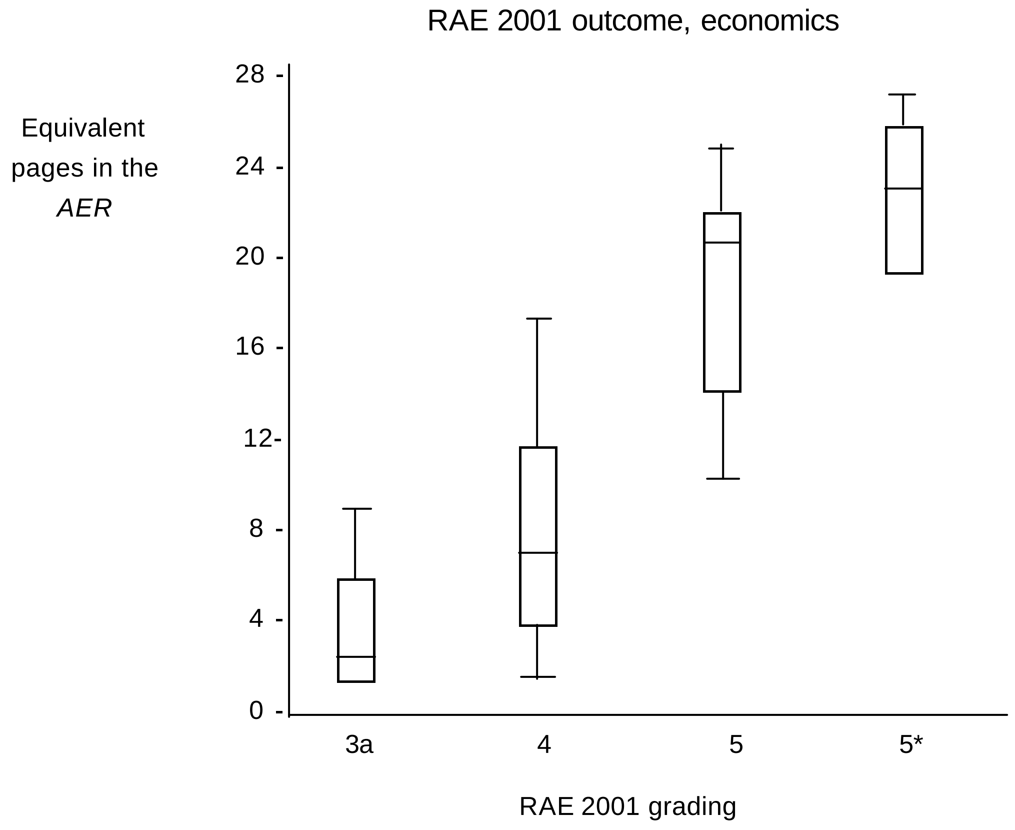
...continued on p.8

RAE rankings and top journals

Is there a simple strategy for achieving a high rank in the RAE? In this article, Bernd Süssmuth of the University of Bamberg and Ulrich Woitek of the University of Glasgow draw attention to the correlation between the gradings in the 2001 RAE[1] and the extent to which a unit of assessment had published in a small number of journals.

An academic year no longer passes without almost continuous speculation among university-employed economists about how publication in 'top' journals influences RAE rankings. RAE panel members stress that there is no secret RAE list of top or core journals. ('Research Assessment Exercise — Revisited', RES *Newsletter*, Oct. 1997 p.6). Nevertheless, statistical analysis suggests that publication in a few, mainly North American, journals is a principal, perhaps even the chief, determinant of RAE ranking.



A series of boxplots makes the point. On the vertical axis UK economics departments are ranked by the number of pages published in 10 core journals. To ensure comparability the journal page count is standardised to equivalent pages in the *American Economic Review* which heads the list of top journals. The horizontal axis measures RAE department rankings from 3a to 5*. The boxplots are five-number summaries of the observations in each category: the box covers the inter-quartile range, and the two whiskers represent the minimum and the maximum rank. The median rank is indicated by the line inside the box.

The publication ranking (SSG) is based on the data in Table 1 of Sussmuth *et al* (2001) and Ghio and Sussmuth (2002), which is basically an extension of the data set of Kalaitzidakis *et al* (1999), adding the observation period 1997-1999. Rankings are calculated based on *AER* adjusted pages in the following 10 core journals: *American Economic Review*, *Econometrica*, *Journal of Political Economy*, *Quarterly Journal of Economics*, *Journal of Monetary Economics*, *Journal of Economic Theory*, *Review of Economic Studies*, *Review of Economics and Statistics*, *Economic Journal*, and *European Economic Review*. Since the subperiod 1997 - 1999 roughly coincides with the assessment period of RAE 2001, it is possible to compare the two rankings.

Even a glance at the figure reveals the almost perfect association between publication in the 10 journals and eventual RAE ranking. Why then, if no secret list exists, is the association between publication in a handful of journals and RAE ranking so close? If RAE panellists have some criterion other than a secret list it would need to be closely correlated with the figure's list of journals to produce the result highlighted. The explanation seems straightforward: top journals are top because economists (the market) read and extensively cite them. RAE panel members are part of that market of economists. The RAE rankings suggest that panel members closely reflect market judgements. Economics departments ambitious to move beyond an RAE 3 or 4 are unlikely to succeed in doing so without more publication in the 10 journals. If this is reliably the case, and the data seem to confirm it, then university administrators may wish to bet the cost of hiring individuals with a track record in the journals against the probability of increased RAE-driven funding.

References:

Stephane Ghio and Bernd Sussmuth, 'Publications Academiques dans les Revues Internationales d'Economie: Existe-t-il une Dimensione Regionale?' 2002. mimeo, Université de Toulon.

Pantelis Kalaitzidakis, Theofanis P Mamuneas, and Thanasis Stengos, 'European Economics: An Analysis based on Publications in the Core Journals', *European Economic Review,* 1999 (43), 1150-1168.

Bernd Sussmuth, Martin Steininger, and Stephane Ghio, 'Towards a European Economics of Economics: Monitoring a Decade of Top Research and Providing Some Explanation', 2001, mimeo, University of Munich.

Note:

1. The RAE ranking of the British economic departments can be found at http://www.rae.ac.uk Note that we do not have publication data for the following departments in UoA38: Manchester Metropolitan University; University of Northumbria at Newcastle; Royal Holloway, University of London; University of Wales, Swansea.

John Beath comments...

John Beath, University of St Andrews, is Chairman of the Conference of Heads of University Departments of Economics (CHUDE) and was a member of the RAE Economics and Econometrics Panel.

The note by Süssmuth and Woitek comparing 2001 RAE scores in Economics with the ranking based on publication in ten core journals by Süssmuth, Steininger and Ghio (SSG) is intriguing but they draw a rather stronger conclusion than seems warranted by the data they present. The journals they identify are indeed quite widely recognised to be 'international' though I think it would also be agreed they are only a subset. As international excellence is a criterion in awarding RAE grades, it would be remarkable (and disturbing) if there were not a *positive association* between the two. However the implication in their commentary that the RAE panellists in Economics and Econometrics might have saved a great deal of time by using a purely bibliometric device such as the SSG ranking as a sufficient statistic is questionable. As the boxplots show, there is considerable overlap in the distributions of departments, as measured by the SSG ranking, across RAE grade categories.

What do the plots actually tell us? They tell us that there is far more to research excellence than publication in a subset of journals. Indeed, the list excludes most of the leading field journals, most of which would be widely regarded as international. Furthermore, departments were required to provide quite a substantial evidence base to panels in the seven forms (RA0-RA6), and panels were required to take due regard of this information in making their judgment on the grade to award. What the data show us (and as a panellist I can confirm this) is that the panel took account of the whole range of factors that impact on the quality of the research environment and did not just count pages in a few key journals. I hope that colleagues in the profession would find it reassuring that the panel did so. Indeed, if the panel had simply focussed on a few key journals in reaching their judgment, this would have had serious implications for young researchers in many departments. For the vast majority of these, the evidence base for their quality as researchers was the discussion papers they had written. I am sure that colleagues will be reassured to know that full account was taken of these.

The figure shows that there is still a lot of unexplained variation when you compare a department's RAE grade with a single bibliometric indicator. The latter simply doesn't tell the whole story about the research quality and vitality of a particular department. As each submission was discussed by the panel the whole range of evidence on quality was brought to bear: the range and nature of research inputs and outputs, the research culture and the research environment. The later two are inevitably more judgmental than the former though they are surely relevant when you reflect on the explicit terms of reference: 'The primary purpose of the 2001 RAE is to produce ratings of research quality which will be used by the higher education funding bodies in determining the main grant for research. … Proper account will be taken of the complete range of research.'

For Panel 38 the treatment of evidence was quite explicit: excellence would be defined in terms of (a) the overall quality of (all) nominated published outputs and (b) the assessment of research depth, vitality and prospects. The ordering was lexicographic and the panel were explicit about this in their statement on working methods: (a) was the principal determinant. However that did not mean that (b) was redundant: (b) really did matter and the Süssmuth and Woitek analysis confirms that the panel did indeed abide by its working criteria. There was consistency between the 1996 and 2001 panels in the approach taken to assessing the quality of research. Of course, getting the shape of the distribution correct is one thing, getting its location right is another. As chair of CHUDE and having been a member of the 1996 and 2001 panels, I am only too aware of and am concerned to respond to concerns about the latter!

British Association (Section F) Annual Conference

The British Association for the Advancement of Science Section F (economics) took place on 12th September at the University of Leicester. Its President this year is our regular contributor from the USA, Professor Angus Deaton. The section's recorder is Andy Mullineux, from the University of Birmingham. Together they explain the background to section F and report on this year's preoceedings.

SECTION F (ECONOMICS) of the British Association for the Advancement of Science is one of the oldest Economic Societies and sponsors the longest running conference series.

Conferences are organised around themes chosen by annually elected Presidents. This year, the President is Angus Deaton of Princeton Univesity and a regular contributor to this newsletter. Previous Presidents include: Alfred Marshall (1890), William Beveridge (1923), Sir John Hicks (1955) and James Meade (1957), Nicholas Kaldor (1970), Abba P Lerner (1976), Roy Jenkins (1982), Samuel Brittan (1993), Sir James Mirrlees (1998), David Hendry (1999), Amartya Sen (2000) and Stephen Nickell (2001)

The Section F mission statement is:

'To provide a forum in which the most distinguished economists of their day are invited to explain the importance of their ideas for the understanding of economic behaviour and economic policy to the wider community, and thereby enhance perceptions of the contribution of economics to the understanding of the modern world.'

At the moment Section F is looking to expand membership of its Committee. Readers who might be interested in joining are invited to contact the section's recorder, Andy Mullineux (A.W.Mullineux@bham.ac.uk).

Wealth, health and wellbeing

This year's highly successful conference was hosted by the Department of Economics at the University of Leicester. Special thanks are due to the Section's highly efficient Local Secretary (Stephen Wheatley-Price), who assured that the programme ran smoothly, and to the Department which participated fully and was generously hospitable. The multi-disciplinary programme was put together by Angus Deaton. It drew a sizeable audience, a much larger proportion of which than usual stayed throughout most of the excellent programme, despite counter attractions elsewhere. The distinguished speakers included a mix of economists and epidemiologists espousing a wide range of perspectives and generating lively discussion.

Professor Angus Deaton's Presidential Address was entitled 'The economics and epidemiology of wealth, health and well being'. Although economists have contributed much to the study of health, the link between health and wealth has not been their main focus. Similarly, the literature on health inequalities, although extensive, has not seen much participation by economists. Yet the economic and epidemiological approaches have much to learn from one another. That health and wealth are correlated means that the poor are doubly deprived and the rich doubly blessed, much strengthening the argument for redistribution. At the same time, distributional arguments need to be about wellbeing broadly defined, not simply about income or about health. This broad approach should also extend to economic and health policy. Health policy has economic consequences and must be about more than health care, while economic policy needs to be more aware of its consequences for health.

Professor Richard Wilkinson of the Queen's Medical Centre, Nottingham, followed Angus on the theme of 'Social dominance, inequality and health'. At the individual level, low social status and weak social affiliations are both powerful risk factors for poor health. Professor Wilkinson argued that at the societal level, there is a tendency for the quality of social relations to be poorer in societies where there is more economic inequality across the social hierarchy. If this is right, health in societies with more inequality may suffer simultaneously not only from a bigger burden of low social status or relative deprivation, but also from the impact of a poorer quality of social relations. But why should social status and friendship have this double link not only as powerful health risk factors but also as they vary inversely in society?

The explanation offered suggested that the nature of social relations has always been crucial to human welfare and that these dimensions' status (or dominance) and friendship have their roots in fundamentally different ways of resolving the endemic political, economic and social problem of competition for scarce resources. Whether this problem is resolved in terms of dominance and a 'pecking order', or on the more egalitarian basis of social obligations and reciprocity, the different solutions are largely incompatible and each gives rise to its own forms of social organisation and matching individual social strategies.

Professor Sir Michael Marmot from the International Centre for Health and Society pointed out that while we have long known that socioeconomic position and health are intimately linked through a complex two-way causality, exploring this causality further requires us to consider income, status and power and how they affect pathophysiology (the development of disease).

The overseas dimension

Professor James Smith of RAND, in his lecture on 'Immigrant health — selectivity and acculturation' pointed out that two of the more central questions that have emerged about immigrant health involve the mechanisms shaping health selectivity and the determinants of health trajectories following immigration. With this in mind, he outlined some simple theoretical models describing these processes. The paper drew on data from the New Immigrant Survey to provide new information on the diversity of health outcomes of recent legal immigrants to the United States. The final part of his address summarised views on the principal research and public policy questions about immigrant health that are high priority.

'Economics, poverty and health in the developing world' was the title of the presentation by **Professor Adam Wagstaff** of the World Bank. At present, he said, there is a good deal of discussion about the need to increase official development assistance (ODA) in order to reach the Millennium Development Goals (MDGs). These goals include reducing mortality and malnutrition, especially amongst children and women, and reducing income poverty. His talk looked at the links between (i) ODA, (ii) public spending on health services, (iii) health outcomes (at the population level and amongst the poor), (iv) per capita income, and (v) income poverty and offered tentative answers to such questions as: How far does ODA for health translate into increased government spending in the health sector? What influences the degree of fungibility in ODA? How far does health spending translate into improved health outcomes? Is there a bigger impact amongst the poor? Health and income are known to be associated, but how far does this reflect the impact of improved health on per capita income, rather than the impact of income on health? How far do increases in per capita incomes translate into reductions in income poverty?

As readers of this *Newsletter* know, **Professor Andrew Oswald**, at the University of Warwick, has written extensively on the connection between 'Economics and Happiness', and that was his theme for the Conference. His talk summarised the new literature on the economics of happiness. It showed that money does buy happiness, but not as much as is commonly thought. Marriage appears to be the single largest source of mental wellbeing in a country like Britain. Leaving aside extreme ill-health, unemployment and divorce are the largest sources of unhappiness. And, of course, inequality lowers happiness in a society.

The final contribution came from **Professor Timothy Besley** of the London School of Economics. His paper considered issues of how the standard economist's approach of forward looking rational individuals provides a useful framework for addressing public policy interventions that affect and respond to improved life expectancy. He went on to discuss pathologies of individual choice and policy responses to them and also explained how these views have implications for the way in which we expect political and bureaucratic processes to solve the policy problems.

In addition to the papers for practising economists, a very popular innovation this year was a lunch time talk for 6th form students by **Professor Clive Fraser** (Leicester University) on private versus public health provision. Professor Fraser began with some questions which strike anyone acquainted with health care provision: Why does the US spend over 13 per cent of it national income on healthcare (more than twice as high a percentage as the UK spends), while over 30 million Americans are without health insurance? Why does the UK have a comprehensive and universal National Health Service, 'free at the point of demand', yet some patients in need of emergency treatment can spend over 24 hours waiting on hospital trolleys before being seen by a doctor? By considering healthcare as a shared good that is prone to congestion and from which individuals can be excluded and examining the advantages and pitfalls of alternative systems for providing healthcare, it explained why the situations outlined at the beginning were only to be expected.

Next year's conference

Next year's Section F Conference is to be held in Salford in early September as part of the BA's Annual Festival of Science. The Festival's theme is 'Sustainable Science' and the Section F President will be Professor Charles Goodhart, a former member of the Bank of England's Monetary Policy Committee and Simon Sosnow Professor of Money and Banking at the LSE. Richard Blundell has recently agreed to serve as President for the 2004 Festival in Exeter.

...continued from p.4

The missing bust - a note from the editor

We put Dr El Sarafy's queries to the Librarian at the BLPES, Mrs Jean Sykes.

On the matter firstly of access to the Library for non-members of the LSE, it is true that membership of the RES does not in itself confer any advantage but any member having a genuine need to use the library can obtain a 'reference only' card on production of valid identification and proof of address. Some members of the RES will qualify for access by virtue of being alumni of LSE. Full details can be found at: http://www.lse.ac.uk/library/

As regards the bust of Sir John Hicks, extensive enquiries amongst current library staff have failed to produce any recollection of it. It seems unlikely that it was ever displayed in the Lionel Robbins building. We would be very pleased to hear from any members who know anything about it all. Maybe it was displayed in the Houghton Street premises years ago.

Economic Illiteracy

- a modest plea against humility

In the last issue of the Newsletter *we were pleased to have Sir Alan Budd's thoughts on the dangers of public economic illiteracy, inspired by Professor Bryan Caplan's research, published in the* Economic Journal*, April 2002. In this response, Professor Caplan argues that economists are often too modest and too willing to concede to ill-thought arguments for 'fairness'.*

It was a pleasure to read Sir Alan Budd's comments on 'Systematically Biased Beliefs About Economics.' As my article would predict, he and I largely agree. I would however like to take issue with two of Sir Alan's statements.

In his conclusion, Sir Alan echoes the same sentiments I have heard from a number of other economists:

> I suspect that a little more modesty would be in order. Is the economist always analytical and the non-economist always emotional? That seems a slightly insulting suggestion. Some soul-searching by economists might do no harm. (RES *Newsletter*, July 2002, p.11)

Speak up and be counted

As reasonable as this recommendation sounds, I believe it is misguided. Economists are one quiet voice in a cultural sea of vigorous self-promotion. Tempering all of our statements with additional humility is a recipe for being utterly ignored. As teachers of economics, we all know that providing a clear, simple message is the key to effective communication. Modestly revealing every doubt to introductory students only confuses them. The same is even more true for communication with the general public.

One of the main reasons economists are so ignored is precisely that we are already too modest. Active detractors of the economics profession dismiss us for our consensus positions. But the man in the street is more likely to joke about wanting a 'one-handed economist.' Our image problem is not that we are seen as too dogmatic, but too wishy-washy. Before economists can push policy in desirable directions, we have to help the public realize that an economic consensus exists.

Tempering all of our statements with additional humility is a recipe for being utterly ignored.

Yet I do not want to make a merely pragmatic argument against modesty. Yes, analytical non-economists and emotional economists exist. On average, though, economists are already quite modest relative to their understanding. No one is epistemically perfect. But even when I disagree with other economists, they are relatively careful to point out the theoretical and empirical limitations of their claims. They distinguish tentative hypotheses from firm conclusions. I rarely worry that economists will react angrily to probing questions. Thus, I see little reason to counsel further modesty. Indeed, I wish my fellow economists had more self-confidence, making them less hesitant to speculate on the broader implications of their research.

Like Sir Alan, I occasionally find myself siding with the public against the consensus of economists. But the real question is not whether the public is ever closer to the truth than we are, but whether the probability that economists are wrong rises with the magnitude of our disagreement with the public. Unless this condition holds, the best way to discover our errors is to focus on economics, not what the public believes about economics. To use an American metaphor, we should keep our eyes on the ball, not the audience.

On another topic, Sir Alan also makes the valuable point that even if the public's descriptive views were corrected, many would still reject economists' policy advice on grounds of fairness:

> The economist will typically reply to the second objection — that they are unfair to the poor — by saying that we must distinguish between allocative and distributional effects. We can always compensate the poor. Perhaps it is at this point that one might start to sympathise with the layman and understand why the economist's views are so often rejected. Hypothetical compensation is of little interest. (ibid, p.11)

Like Sir Alan, I have often faced objections of this sort. But once again, economists should be less modest. The simplest reply to make is one of symmetry. Whenever the price system is used to ration goods and services, one might complain that it is 'unfair to the poor'. Unless someone is willing to bite the bullet of radical egalitarianism, he or she must admit that 'fairness to the poor' is far from an absolute value. How can they then rationally reject all changes in the *status quo* that make the poor marginally worse off?

'Expressive values' in economic policy

For a more fundamental — if controversial — reply to the fairness argument, I would appeal to what I judge to be the best economics book of the 1990's, Geoffrey Brennan and Loren Lomasky's *Democracy and Decision: The Pure Theory of Electoral Preference*.[1] To grossly oversimplify this subtle work, Brennan and Lomasky distinguish the instrumental value voters put on a policy (what it actually accomplishes) from its expressive value (how it makes people feel about themselves to support it). They then argue that democracy artificially elevates expressive over instrumental concerns. If you vote for an instrumentally effective but expressively unappealing policy (peakload pricing of mass transit, to take one example), your vote has only a minute probability of actually changing policy, but you certainly forego the expressive satisfaction of supporting the policy that 'sounds better'. If you were instead choosing whether to live in a city with peakload pricing, you would face a very different trade-off: by sacrificing the expressive value of flat pricing, you could gain the added convenience of peakload pricing with certainty. Thus, as Brennan and Lomasky explain, people often eagerly vote for policies they would migrate to avoid.

'Fairness' is a great example of an expressive dimension of policy. Brennan and Lomasky's analysis suggests, to put it plainly, that people greatly exaggerate how much they care about fairness. Proclaiming your devotion to fairness is a low-cost source of self-esteem. Unfortunately, while this maximizes the utility of the speaker or voter, there is a large voter-on-voter externality. If everyone votes in order to feel good about themselves, equilibrium policy may be painfully inefficient.

The upshot is as follows. Rather than try to placate those who claim to put lexicographic value on 'fairness to the poor', economists should emphasize that this is not only cheap talk, but cheap talk with heavy negative externalities in terms of policy. We should not grant opponents of peakload pricing the mantle of moral superiority. Instead, we should stigmatize them as free riders who want to satiate their demand for self-worth at social expense.

Note:

1. G Brennan and L Lomasky (1993) *Democracy and Decision: The Pure Theory of Electoral Preference*, Cambridge: Cambridge U P.

Correction

In the July issue of the *Newsletter* where Bryan Caplan's work was discussed, he was occasionally referred to as George Caplan. We apologise unreservedly for this error. Professor Bryan Caplan works in the Department of Economics and Center for Study of Public Choice, George Mason University.

ESRC news

Towards a Quantitative Europe

In a previous issue of *Social Sciences*, the ESRC's newsletter, Dr Gordon Marshall described the need for an initiative to raise skills in quantitative methods in UK Social Science. This has struck a chord more widely and especially in Europe. Members of the Standing Conference for the Social Sciences of the European Science Foundation have called for a pan-European initiative. The ESRC has coordinated a proposal for a set of quantitative methods training workshops for European social scientists as a result of this interest and this has been accepted by the European Science Foundation. The proposal aims to:

- increase the number of European social scientific researchers trained in quantitative techniques
- encourage the development of a new generation of methodologists through enabling pan-European networking
- share new methodologies appropriate for the analysis of some of the ever more complex datasets available to the social sciences.

The programme will be structured around a series of training courses and workshops in the following areas:

- Longitudinal and Pathways Data
- Network Data
- Analysis of Cross National Data (and of very large data sets an area of great import given the increasing number of rich pan-European datasets such as that which will come form the forthcoming European Social Survey where ESRC is funding the UK survey)
- Meta Analyses of Social Scientific Data
- Mathematical and Statistical Simulations
- Research Design, Measurement and Collection of Data

Domestic Management of Terrorist Attacks

More than £600,000 has been allocated by the ESRC between three individual projects which will explore the internal response to the events of September 11 and their aftermath, concentrating on the management of terrorist attacks in the UK. The employment of a highly flexible and responsive form of funding by the ESRC has ensured that work will begin on this vital and pressing research agenda by August 2002. The projects and their directors are:

The UK response — Professor Paul Wilkinson, University of St Andrews

The public, risks and lessons from the USA — Professor Lawrence Freedman, King's College London

Knowledge resourcing for civil contingencies — Professor Micahel Dillon, University of Lancaster

More information on both of these projects can be found at: www.esrc.ac.uk

'Quality' and refereeing practices in economics journals

As correspondence, and other contributions to these pages show, two related issues clearly trouble many of our readers. One is the ability of the profession to identify 'quality' amongst economics journals (and the use to which this ranking might be put) and the quality of the refereeing process which underlies the integrity of these journals. This article looks briefly at the existing literature on both these questions and in the second case it also reports on research in progress by Seidl, Schmidt and Grösche at the University of Kiel[1] on refereeing procedures in a range of economics journals.

Although there is probably a common belief amongst academic economists that quality ratings can be constructed for the journals in which they publish, the manner of its doing is certainly controversial. This is hardly surprising given (a) the scale of the consequences that may follow from the rankings — tenure, promotions, salary levels, allocations of research funds and so on — and (b) the nature of economics (and other social sciences) as regards both content and method — more controversial in both cases than the natural sciences.

Early quality criteria

The earliest attempts to provide an objective measure of quality relied upon peer esteem or 'opinion'. Typical of the method was the study by Moore (1972). This defined 'quality' in journals by the proportion of their articles which were contributed by staff from 'quality' departments. Quality departments, in turn, were those (45 of them) ranked 'adequate' or 'better' by the American Council on Evaluation and these evaluations in turn were based upon the opinions of a large sample of US academic economists who were asked for their rankings of all US PhD (economics) granting departments. The weaknesses of such an approach are clear — all the way from the subjective identification of 'top' departments to the assumption that staff in departments rates 'top' by one set of (unspecified) would necessarily produce consistently the 'best quality' papers.

Of course, one might argue that if journals are to be ranked by the volume of work that they publish from economists based in departments which peer opinion has identified as superior, it would be just as logical (and quicker) to ask economists to give their opinion of journals directly. This is broadly what Hawkins *et al* did in 1973 and discovered, *inter alia,* that their respondents claimed to recognise two entirely fictitious journals. Furthermore, the one with the more theoretical-sounding title was ranked by respondents in the top third, while the more applied sounding title was ranked in the bottom third, suggesting something maybe about intellectual prejudices within the profession. The study quickly came to the conclusion that this approach could tell us little about quality and claimed in conclusion that at best it told us only about the degree of familiarity. 'Mainstream' journals featured near the top of the rankings because this was where the majority of economists were positioned. Specialist, applied or institutionally-oriented journals ranked low, because these reflected minority interests.

Following Hawkins *et al* opinion-based measures of esteem became unfashionable (Malouin and Outreville, 1987 is one exception). The quality of *departments* (as opposed to quality of journal) was more frequently measured by 'publication volume' measures. Here, typically, judgements are made on the basis of the number of *American Economic Review*-equivalent pages published per period in journals previously selected for their quality (Smith and Gold, 1976; Graves *et al*, 1982). Johnes (1990) showed just how sensitive this ranking is to changes in the list of journals (or books and other outputs) included and the weights attached to them.

Citations

The ranking of journals themselves in recent years has come to rely more on the number of citations, on the basis that the number of times that a paper is cited by other authors might be some indication of the importance of its findings. The process revolves around the Social Science Citation Index (SSCI) published by the Institute for Scientific Information. The procedure is (roughly) to identify all the articles published in a group of academic journals in a selected period and then use the SSCI to see how many times those papers were cited in a given period in other books and journals. By summing the number of citations of articles within each journal, we have a journal citation figure which can be used to rank the journals.

But does the ranking tell us anything except what it says, namely that some journals are referred to more often than others? There may, after all, be several quite prosaic reasons for this. The identification of citation with quality requires quite a logical jump, involving not least the assumption that there is something called 'quality' which is recognised across all journals. But if editors are so confident of what constitutes a paper of high intellectual quality, why is there no mention of the criteria in journals' notes for guidance — these are long on stylistic instruction but noticeably quiet on what editors (and referees) are looking for as regards content, method and conclusion (Beed and Beed, 1996).

Most academics would agree that the following are relevant where the judgement of quality is concerned:

- originality (addition to knowledge)
- logical quality of argument
- novelty of data and/or methods
- interest to the profession (or to readers of the journal)
- quality of writing, rhetoric and language, including use of mathematics

But do all editorial boards accept all of these criteria (no more and no less) and if so, do they attach the same weights? Critics would say that it seems highly unlikely and while that is the case, there are no agreed criteria and citation counts may simply be picking up the fact that some journals are more widely read than others, a fact which can easily be verified from other sources.

It is also worth reflecting that citations are made for a wide variety of reasons, and not necessarily because the author wishes to identify the 'best' literature in the field. For example, Beed and Beed (1996) list 17 different roles played by citations, ranging from being the first in a particular field (thus meeting the criterion of originality as an indication of quality) to other such purposes as 'summarizing a body of literature', 'supporting the citer's argument', and 'appearing in the same journal in which the citer is aiming to be published'. Other authors, trying to classify citations, have rated as 'perfunctory' as many as 20 per cent (Chubin and Moitra, 1975) and 40 per cent (Moravsic and Murugesan, 1975).

While many works may be cited for reasons that indicate little direct bearing on their quality, others may suffer from low citation counts for very prosaic reasons. As we have said earlier, it helps to publish in journals with a wide readership and critics argue that this favours mainstream journals and probably the theoretical over the applied. For equally obvious reasons, it also helps to publish in US journals and for UK authors this is difficult as recent work by Elliott, Greenaway and Sapsford (1998) has shown.

Behind all this, of course, and a major influence on any quality characteristics that indivdidual journals may possess lies the refereeing process. And recent correspondence in these pages suggests some elements of disquiet amongst authors, again because it is recognised that so much may depend upon prompt publication in reputable outlets.

The complaints submitted by members have frequently focused upon turnaround time. This was first raised by Paul Ormerod earlier this year (*Newsletter,* no. 117, 2002). But the existing literature on refereeing processes ranges much more widely in its criticisms. One commonly heard is that, in spite of the commitment of journals to the dissemination of 'new' knowledge, it is more difficult to peruade referees of the merits of genuinely innovative work than work which extends existing knowledge by replicating existing methods. Such observations do not apply peculiarly to economics but embrace medicine, natural and other social sciences (Epstein, 1990; Horrobin, 1990; Gans and Shepherd, 1994).

Other reservations have been expressed about the thoroughness of the refereeing proces itself. The best known, and much attacked, study was that by Peters and Ceci (1982) in the field of psychology. They sent twelve previously published papers, under fictitious names, to the editors of prestigious psychology journals. Three were detected. Of the remainder, eight were rejected and one was published. In none of the eight cases was lack of originality mentioned by the referees.

Over the last year or so, Seidl, Schmidt and Grösch at Kiel have been carrying out a survey of refereeing practices in economics journals, based upon 630 responses to a questionnaire which asked a total of seven questions including:

- After submission of your paper, how long did it take on average to get a reply other than just a confirmation that your paper had been received?
- How many referee reports did you receive on average?
- Did the decision of the editor match the referee report?

After screening out untrustworthy reports (and a few apparent attempts to manipulate the result by multiple submission) the survey had 551 responses relating to 359 journals. Most responses, understandably, referred to the better known journals like those on the Diamond (1989) list.

The analysis is still in progress but it is already clear that there are dramatic differences in decision times with hardly any taking less than 10 weeks (on average) and more than half requiring over 20 weeks. Only three took longer than a year, though the authors comment that the 'standard deviation of some journals is rather high'.

The results, when the work is complete, will be very interesting.

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1. Further information can be obtained from: c.seidl@economics.uni-kiel.de

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Policy Rules - the Next Steps

The ESRC-funded Money, Macro and Finance Study Group held a Workshop on Policy Rules last month in Cambridge. Jagjit Chadha, Cambridge University, relates some of the key findings.

Under a clear, fine East Anglia sky, policy-makers and academic economists met at Clare College, Cambridge on 19th-20th September to consider recent developments in the formulation and operation of monetary policy rules. It was the week that commemorated the tenth anniversary of Sterling's exit from the ERM and, to the eyes of most observers, of considerable success in the operation of stabilisation policy in the UK. One wag suggested that a bright morning in Cambridge and successful UK monetary policy were equally unlikely events and therefore suitably matched.

The search for rules

Hashem Pesaran (Cambridge) provocatively opened proceedings by suggesting that there was a clear parallel in the process by which financial agents searched for trading rules and the way a policy-maker may similarly adopt a policy rule. Both faced a multiplicity of data problems and were searching across finite samples for optimal, dare one suggest 'immutable', decision rules. Extant distinctions seemed ultimately to revolve around the way these different agents were concerned with issues of reputation and the relative significance of announcement effects and so one supposes that some form of gamekeeper-poacher distinction would remain.

Chris Allsopp (Oxford and MPC, Bank of England) teased out a number of key issues that exercised the policy-maker in the face of widespread agreement on both economic model and form of constrained rule. Current practice at the Monetary Policy Committee was outlined in a number of key areas such as the role of asset prices, the open economy, forecasting and fiscal policy. One general theme to emerge from this *tour d'horizon* was that some form of Taylor Rule with explicit feedback from inflation and output seemed acceptably close to the optimal full feedback rule. In some senses a gauntlet was thrown down: why should we do anything other than use standard indicators as information variables in our reaction function unless models can be written down that require such? Any hint of insouciance was dismissed, however, as more work was called for on establishing rules that could operate in real-time and stabilise private agents' expectations accordingly.

One theme to emerge with regularity was the role of learning in general equilibrium models. An important contribution by Evans (Oregon) and Honkapohja (Helsinki) assessed a number of optimal reaction functions in terms of whether they led to a Rational Expectations equilibrium (REe) that was both locally determinate and stable under adaptive learning by private agents. Convergence to the optimal REe was ensured by a policy rule that responded necessarily to private expectations over future variables as well as to fundamentals, such as exogenous shocks and the lagged output gap. Policymakers found some comfort in these results by pointing to the type of discussions found in MPC minutes where private expectations were thoroughly analysed. But the analysis produced some disappointment for those setting inflation and output gap forecasting interest rate rules, as these seem to be more likely to result in both indeterminacy and instability. Ultimately this work arguably expands the responsibility of the policy maker from just guiding the economy to also playing a fundamental role in nurturing private sector adoption of rational expectations.

The fiscal theory of the price level

Bennett McCallum (Carnegie-Mellon) outlined a number of recent and lively developments on the fiscal theory of the price level (FTPL). Under the FTPL the time path of the price level departs radically from its usual equiproportional relationship with the money stock reflecting instead the path of government bonds, which become in effect equity claims on the future discounted net surpluses. A useful result was generated by showing that the FTPL was generally unstable under learning whereas the traditional view of price level determination, that is by monetary policy, was invariably learnable. In his discussion, Charles Nolan (Durham) illustrated some key issues of the debate with a calibrated dynamic stochastic general equilibrium model in which monetary and fiscal plans were formed jointly. On the basis of a number of simulations and a welfare criterion he suggested a FTPL solution was unlikely to be one which a rational policymaker would choose to adopt, even if such a regime were feasible.

Timothy Kehoe (Minnesota) re-introduced us to a number of key aspects of business cycle theory, which he applied with gusto to the current Argentinian crisis. Productivity shocks were the significant force in business cycle fluctuations and the ability to provide credible commitment in both monetary and fiscal policy was a key device in minimising inefficient economic fluctuations. So rather than any story about exchange rate overvaluation, the impetus to the crisis was falling productivity amplified by a simple lack of credible fiscal discipline. Perhaps those concerned with the specific parameterisation or complexity of policy rules may in fact be occupied with issues of a second order compared to those concerned with analysis of systematic and credible rules ensuring the Ramsey planner allocation.

Uncertainty and investment

Sumru Altug (Koc) combined two important extensions to certainty equivalent policy design by considering the impact of uncertainty and learning about tax policy for firms' optimal investment plans. In accordance with standard real options analysis, uncertainty *per se* acted to depress investment but the addition of learning acted to further depress investment. One clear policy implication of this work would be to adopt tax policies that were signalled with sufficient clarity to minimise the exacerbatory effects of learning. Using a quite different methodology, Andrew Blake and Martin Weale (National Institute of Economic and Social Research) found a similar impact on investment schedules from mapping policy uncertainty into risk premia and then via simulations of the National Institute's large-scale macroeconometric model back to investment and growth paths.

One important strand of thinking has involved developing policy rules in line with decision theoretic criteria, which result from a wide range of possibilities about the nature of the control problem faced by the policymaker. The standard linear quadratic regulator (LQR) problem simply does not deliver sufficient interest rate smoothing unless an arbitrary penalty function is placed on the interest rate term in the constrained simple rule. Kilponen and Salmon (Sir John Cass Business School) examine the rule resulting from the substitution of LQR with robust control and find a strong case for even more aggressive interest rate responses. In other words when the policy maker wishes to implement robust control — which we may wish to think of as a further constraint to LQR as a shift term in the conditional expectation of exogenous shocks — she will tend to treat any given shock as a worst-case scenario and act accordingly. In such a world, it is inexpensive to discover mistakes as they can be corrected in each subsequent period and so policy can act quite aggressively period by period.

Data and reality

An important clutch of papers from policy-making institutes provided a central core of real world problems faced by those who formulate advice to monetary policy decision-makers. The central problem faced by these policymakers? How to match the constraints of meeting persistent and puzzling data observation with the overriding need to ensure that theoretical models do not become *ad hoc* in the sense of the Lucas critique. Bob Tetlow and Peter von zur Muehlen (Federal Reserve Board) reminded us of the dangers of such specification error by the policymaker, as they seem to be closely related to the standard Sargent explanation for 1970s inflation, where: there is 'no substitute for the hard and often judgmental work of assessing whether models are "close enough" to be taken as given for rendering policy advice' (p.27).

Ignazio Angleoni, Günter Coenen and Frank Smets (ECB) built a detailed DSGE model to understand the correct policy response in the face of uncertainty over the true extent of real and nominal price persistence. Simulations suggested an implementable strategy for optimal policy design: if we do not know how persistent inflation is likely to be then losses at the policy frontier are minimised by assuming inflation is persistent, whether it is or not. Ben Hunt and Peter Isard (IMF) found an analogous result using MULTIMOD, insofar as if we do not know the true extent of exchange rate pass through then we are better off in terms of optimal policy by assuming it is stronger rather than weaker. Such min-max strategies represent very interesting attempts to deal with continuing uncertainties in parameter estimates. Amit Kara and Edward Nelson (Bank of England) did present some evidence on the extent of (incomplete) exchange rate pass and after consideration of a range of models, argued that modelling imports as intermediate goods may be a solution to the exchange rate 'disconnect' puzzle.

The conference ended with a lively Policy Round Table where a conference *leitmotif* emerged. Rather than considering new forms of policy rule, *per se*, the conference had concentrated on establishing the robustness of existing best practice to richer economic models — 'What about learning, the open economy, wage as well as price stickiness?' — or to richer economic environments in which uncertainty could be treated in a rigorous manner — with robust decision rules or by explicit modelling of the resulting asset and risk structure. In other words, as some form of simple constrained rule for the monetary policy maker seems so desirable, does it seem so in all states of the world? Perhaps more attention might also be paid to developing more complete characterisations of stabilisation policy, in which fiscal policy played a role, models in which forward markets were susceptible to important liquidity constraints and where the action of financial intermediation was no simple veil on economic activity.

Finally, there was an interesting lesson for students of decision-making and transparency in monetary policy. This conference seemed to facilitate intellectual interactions by keeping numbers fairly small at around 40 and it also kicked out a last minute attempt by the press to film proceedings, for which policymakers seemed grateful. On both these counts and many more we are grateful to the Money. Macro and Finance Study Group, the ESRC's 'Evolving Macroeconomics Programme' and to the Bank of England for co-financing proceedings.

Note:

Papers from the conference are available from:
http://www.econ.cam.ac.uk/dae/people/chadha/seminars.htm

People on the move

Professor Peter Sloane

On the 1st August, 2002, Professor Peter Sloane took up the post of Director of the Welsh Economy Labour Market Evaluation and Research Centre (WELMERC). The Centre is based in the Department of Economics, University of Wales, Swansea. Professor Sloane was previously at the University of Aberdeen.

Obituaries

Tibor Scitovsky

Tibor Scitovsky, who was born in Budapest in 1910, died on 1st June at the age of 91. Although he spent most of his career in the United States — mainly at Stanford and the University of California, Berkeley — he studied first at the University of Budapest and took his first degree there in 1932. This was followed by a master's degree at LSE in 1938 and it was after a brief spell of teaching there that he moved to the United States as a Leon Travelling Fellow. He served in the US Army between 1943 and 1946, working in the later stages for the US Strategic Bombing Survey which studied the effects of strategic bombing on Germany (an activity in which J K Galbraith was also involved).

He began teaching at Stanford University in 1946 and it was from there, in 1951, that he published the book that first established his reputation, *Welfare and Competition.* In the book he re-examined the arguments for the efficiency of perfect competition and the inefficiency of monopoly using newly developed tools of welfare economics. For the next few years his interests turned to issues of regional economic relations and culminated in *Economic Theory and Western European Integration* published in 1958. In the same year he left Stanford for a spell at the University of California, Berkeley, where he was chair of the economics department for a number of years. He stayed at Berkeley until 1968, though in the last two years he spent time at the OECD in Paris and was a visiting professor at Harvard. While at the OECD he made fundamental contributions to the debate over the relationship between international trade and economic development. Some of this work found its way into *Money and the Balance of Payments* (1969) and *Industry and Trade in Some Developing Countries* (1970, with I M D Little and M F Scott).

In 1968 he began a two year stint at Yale University before returning to Stanford in 1970. In the last few years, before his retirement in 1976, he taught courses in economic development and country studies. Fittingly, at the end of his career, he returned to the issue which had brought him notice at its beginning — the principle of consumer sovereignty. In *The Joyless Economy* (1976) he made a critical examination of the economist's assumption of rational consumer behaviour and compared it with the evidence from behavioural psychology. The latter suggested that individuals have a positive inclination towards variety and novelty and are prepared to pay for this kind of stimulation. One consequence is an industry devoted to the creation of wants by stressing the novelty of new goods and services. This contrasts dramatically with the conventional economist's treatment of wants as given. His insistence that economists could and should gain insights from the work of behavioural psychology marked him out as a dissenter from the mainstream, an image which he reinforced by some outspoken crticisms of the typical American lifestyle.

He remained intellectually active for twenty-five years after his retirement, publishing numerous articles in economics. He is survived by his wife Elizabeth, whom he married in 1969 and by a daughter Catherine.

Brian Reddaway

Brian Reddaway was born on 8th January 1913 and died on 23rd July 2002. His father was a History Fellow of King's College Cambridge and, after school at Oundle, Brian Reddaway followed him by going to Kings in 1931 intending to read Natural Sciences. A quick change of heart led him, however, to study mathematics in his first year. Like so many students in the 1930s who found their way to economics, he did so because of a desire to understand the causes of the great slump and to help find a way out of it. In his second and third years, following his switch of discipline, he was taught by Keynes and by a young Richard Kahn.

After graduating (with first class degrees) his first appointment was to the Bank of England, where he stayed until 1936. The experience was memorable for the opportunity it gave him to travel to Russia, exploiting contacts given him by the Bank, and to publish his first book, *The Russian Financial System* in 1935.

In 1936, he began a two-year stint at the University of Melbourne as a research fellow before being elected a fellow of Clare College Cambridge in 1938. This was the beginning of a teaching career, most of it in Cambridge, which lasted sixty years. Much of this teaching focused on the use and interpretation of economic statistics. One of the themes that became familiar to his students was the failure of the published statistics, the raw material of the applied economist, to match precisely the theoretical categories which students were familiar with from their theory lectures. His classes were sustained exercises in trying to extract every useful piece of information from official statistics and in trying to patch them up and fill the gaps that might allow them some role in the illustration or testing of theoretical propositions.

In 1955 Reddaway became Director of the Department of Applied Economics at Cambridge, which allowed him to switch to research, managing a large team. But even here, he was doing the empirical work that he enjoyed best. Two issue she regarded as especially interesting. The first involved foreign exchange. This was rationed at the time (and would be until 1979) and this raised a policy question as to what extent British firms should be allowed to invest abroad. Such investment used up foreign currency which might be needed to pay for imports. Reddaway was one of the first economists to address the question of foreign investment and to try to identify its effect on the economy. His conclusion was that it was worthwhile and should not be discouraged except in periods of extreme pressure on the foreign-exchange reserves.

The second question involved the effects of the Selective Employment Tax, which a colleague Nicholas (later Lord) Kaldor had persuaded the 1966 Labour government to adopt. This involved taxing the employment of people in the service industries in the hope that this would encourage employment in manufacturing and thus variously, more exports and higher productivity. The Conservative government which came to power in 1970 abolished the tax and Reddaway's project of exploring the whole range of effects of the tax was terminated.

In 1969 he left the DAE to take up the Chair in Political Economy at Cambridge, a post he held until his retirement in 1980. Even in this role, however, he continued to stress the value of empirical work and developed a course in Applied Economics which obliged undergraduates to answer exam questions using data from official sources. One result of this emphasis was that his students were much sought after by employers and they found their way readily into the Civil Service, into financial firms in the City and into financial journalism.

His own expertise in finance led him to manage Clare College's investments. He began this in 1953 and adopted the then unfashionable policy of passive management. He simply selected a broad spectrum of shares according to his own judgement, and held them for the long-term. This minimised transaction costs and the costs of professional advice. As it turned out, the portfolio's performance surpassed that of the all-Share Index nearly two years in three. To today's financial economists, brought up on the efficient market hypothesis, this would not seem remarkable. But its apparent success excited much comment at the time.

In addition to his teaching and research at Cambridge, Reddaway was, for most of his career, much sought after by governments for macroeconomic advice. He served on the UK Board for Prices and Incomes in the late 1960s and in the 1970s and 1980s he spent much time advising government and international bodies on problems of economic development. In recognition of these efforts he was elected FBA in 1967 and awarded a CBE in 1971.

His private life was quiet and unpretentious. His favoured mode of transport was the bicycle, an interest he shared with his wife Barbara, whom he married in 1938. He is survived by three sons and one daughter.

Peter Donaldson

At a time when the Society is looking at ways of raising the profile of economics, and economists, amongst a wider public, members will be sad to hear of the death at the comparatively young age of 65 of Peter Donaldson who, in the 1970s and 1980s, devised and presented a number of immensely popular radio and television series on economics.

Born on the 27th October 1934 in Eccles, Lancashire, Peter Donaldson was the son of a tailor. Most of his early years, however, were spent in Kent and he attended Gillingham Grammar School before going, on a scholarship, to Balliol College Oxford to read Philosophy, Politics and Economics.

He took his first teaching post at Leeds University in 1957, a year after graduating. This was followed by four years at Leicester University where he began work on his book *Guide to the British Economy*. This grew, as many books do, out of their authors' inability to find texts suitable for the courses they wish to teach. Donaldson's problem lay in the lack of texts designed for teaching which simultaneously helped students engage with the real events and situations that they found reported in the media. It was published in 1965, became a standard school and university taxtbook and underlined his ability to communicate in plain but stimulating language with the widest audience.

This led to his radio series 'Managing the Economy' in the late 1960s and the later television series 'Affluence and Inequality' (and the book *Worlds Apart*, 1971) and 'A Question of Economics' (and book of the same name, 1985). Another immensely popular book, *Economics of the Real World* was published in 1973.

After leaving Leicester in 1963 he alternated between Ruskin College Oxford and Osmania University in Hyderabad. He finally settled at Ruskin in 1967 and remained there until his retirement in the 1990s. Predictably for such an effective communicator, he was a very popular tutor but this was doubtless reinforced by his interest in football and music, both of which he was always ready to share with friends and students.

James Morgan

James Morgan, who died on 26th of June from cancer at the age of 63, was a BBC World Service economics correspondent for more than 20 years. He began as an economics correspondent at Bush House in 1974 after working first at the Centre for Economic Policy Research. During his time with the World Service he also worked as Central Europe correspondent (1984/1985) and diplomatic correspondent (1992/1993) though even here his reports often included a financial and economic dimension. During a distinguished career at BBC World Service spanning nearly twenty-five years he reported from major economic conferences and financial trouble spots around the world.

Shortly after retiring, James accepted the task of reporting on the Royal Economic Society's 1999 Annual Conference at Nottingham University. His report appears in the *Newsletter*, no. 110, July 1999.

He was a wise man with a wry sense of humour and great charm. He will be missed by all who knew him at the CEPR, at the BBC and at the RES.

Rudiger Dornbusch

Rudiger Dornbusch, one of the most eminent and talented macroeconomists of the current generation died of cancer on 25th July at the tragically early age of 60. With Stanley Fischer, he was co-author of one of the most successful economics textbooks of all time. *Macroeconomics*, first published in 1980, is now in its eighth edition.

Born in Krefeld, Germany, on 8th June 1942, Dornbusch began his academic career — as an undergraduate — at the University of Geneva in 1966. From Geneva, he went to the University of Chicago where he finished his doctorate in 1971. From there he went to the London School of Economics as a post-doctoral researcher before taking up a post at the Massachusetts Institute of Technology (MIT) in 1975. He became a full professor in 1978 and was appointed to the Ford Professorship in 1984. He held this post until he died.

As a contributor to economic science, Dornbusch will always be remembered for his work on exchange rates. His first major, and maybe still his best known, paper was published shortly after his appointment to MIT. Entitled 'Expectations and Exchange Rate Dynamics', it was published in the *Journal of Political Economy* in 1976 and it offered a coherent account of why exchange rates could swing violently and apparently irrationally after a disturbance (such as a change in relative interest rates) instead of converging systematically upon a new equilibrium as suggested in the then standard Mundell-Fleming model. One reason was the fact that by the 1970s (and even more so now) the volume of foreign currencies being traded across the exchanges as assets far exceeded the flows that arose spontaneously from the needs of international trade. Currencies were being traded, in large part, as assets. This meant that the determination of exchange rates depended critically upon the psychology of financial markets where 'expectations' play a large part. Because of people's expectations of what might happen in the future, movements in exchange rates may often cause them to overshoot their 'fair' value. The situation is exacerbated by the fact that financial markets adjust much more quickly than product and labour markets. Until the latter have adjusted, the exchange rate will remain away from its fair value. Like many famous breakthroughs, its reputation was helped by its timing. Appearing in 1976, it came shortly after the breakdown of the Bretton Woods fixed exchange rate systemwhich ushered in volatile exchange rates, and came just before the big movement towards the deregulation of foreign capital flows which gave a dramatic increase to the size of forex flows.

It was Dornbusch's work and reputation in foreign exchange economics that helped develop MIT's economics department into one of the best in the world. But its growth in stature owed a great deal also to his talents as a teacher, particularly of post-graduate research students. Few people of any standing in the field of international and forex economics have not received instruction in some form and at some level from Dornbusch.

He was a regular contributor to *Business Week,* the *Wall Street Journal* and the *Financial Times* and a collection of these and other essays was published as *Keys to Prosperity: Free Markets, Sound Money and a Bit of Luck,* shortly before he died.

Given his interests and talents it was natural that Dornbusch would be much sought after for advice by governments and other organisations. He frequently took a practical role — advising foreign governments in particular. He saw the ability of less developed countries to attract international investment as a key to their progress and stressed the importance of stability, particularly in the exchange rate of course, as a necessary condition.

Sir Charles Carter

Sir Charles Carter, an eminent industrial economist and founding Vice-Chancellor of Lancaster University died in Glasgow on 27th June. He was born in Rugby, Warwickshire in August 1919.

Charles Carter was born into a family of some intellectual achievement. His father, an electrical engineer, was a Fellow of the Royal Society and was the originator of 'Carter's Coefficient' (used in making calculations on the magnetic circuit of electrical machines). He studied initially at Rugby School as a day boy, before going to St John's College Cambridge where he studied Mathematics and Economics. He graduated with firsts in both. His mother was a member of the Society of Friends and her principles doubtless played a major part in his decision to register as a conscientious objector when war broke out in 1939. Unable to convince the authorities of the merits of his case (he declined to give conditions to support his exemption) he was imprisoned for a period. On his release, he worked for the Friends Relief Service where he met Janet Shea whom he married in 1944.

His first teaching post was at Cambridge, where he remained a Fellow of Emmanuel College for the rest of his life. In 1952 he was appointed Professor of Applied Economics at the Queen's University Belfast and it was from there that he published (in consecutive years) the three works which established his reputation: *Industry and Technical Progress* (1957), *Investment in Innovation* (1958) and *Science in History* (1959). These were written in collaboration with B R Williams at the University of Keele and grew out of a major research project concerned with the slow rate of technical progress in British industry.

1959 was also the year in which he moved to Manchester University, taking up the Stanley Jevons chair. He stayed only briefly before taking on the daunting role of founding Vice-Chancellor of the new University of Lancaster in 1963. The university opened in 1964 with little more than a handful of students, on a rather unpromising site. But under his astute and imaginative leadership it grew rapidly into a successful and highly-respected institution of learning. His particular legacy was the opening up of opportunities to adult learners and the promotion of social studies and accountancy and finance as university disciplines. His book, *Wealth*, appeared in 1968 and, in its arguments that increases in GNP per head were not the same as improvements in happiness and civilisation, has resonances with current work reported elsewhere in these pages.

He served on numerous public bodies and was for many years a trustee of the Joseph Rowntree Foundation. He chaired the Post Office Review Committee which sat in 1976-77 and effectively led to the creation of BT by showing how telecommunications should be split from the postal services. Carter was joint editor of the *Journal of Industrial Economics* for several years and edited the *Economic Journal* for nine years, a post in which he was often heard to complain about the increasingly abstract nature of many of the articles.

He was elected a FBA in 1970 and knighted in 1978.

A mild mannered man, with little small talk, he was a remarkably effective administrator and leader and inspired respect and affection amongst those who worked with him His wife, Janet, pre-deceased him in 2000 but he is survived by one son and two daughters.

Michael Bacaharach

Michael Bacharach died on 12th August at the age of 65. A Professor of Economics at Oxford, his main interests were in game theory.

Bacharach was born in London in November 1936 and attended St Paul's School. His mother was a seamstress and his father a research chemist with a deep love, and knowledge, of music. Alfred Bacharach edited the popular Pelican series, *Lives of the Great Composers* and this interest undoubtedly infected Michael who was a more than competent player of jazz and classical piano.

From St Paul's, he went to Trinity College Cambridge where he studied mathematics and economics and followed this with a year at Stanford University, California, studying econometrics. He returned to Cambridge to complete a doctorate in 1965. His thesis was later published (1970) as *Biproportional Matrices and Input-Output Change*. Almost as soon as it was published, however, he turned his attention from input-output analysis to the newly-emerging discipline of game theory.

The basic ideas of game theory had already been developed by the time that Bacharach took an interest in the field and one of his first contributions was to distill the existing wisdom into a relatively short but clear and influential textbook entitled *Economics and the Theory of Games*, published in 1976. Problems of decision and game theory preoccupied him for the rest of his life.

After finishing his doctorate at Cambridge, he moved to Oxford and after a number of temporary posts settled to a permanent appointment at Christ Church, and as university lecturer in economics, in 1969. He founded the Oxford Laboratory in Experimental Economics and for some years was director of a research project on bounded rationality. He became a professor in 1996.

Amongst the problems that concerned him was the way in which co-operative behaviour could be widely observed amongst people whose rational pursuit of self-interest (a behavioural axiom of orthodox economics) suggested that they should act individually and selfishly. A popular illustration, often used by Bacharach, was the self-denying ordnance that people commonly adoted toward the dropping of litter (though many other forms of potentially anti-social behaviour would fit equally well). We all accept that we are better off if none of us drops litter in public places. However, since our own litter is an immeasurably small fraction of the total, we would individually be better off if we *did* drop litter while enjoying the benefits of everyone else taking their's home (or disposing of it in some other acceptable way). Clearly, if everyone acts in this selfish way then our public spaces would be quickly swamped by rubbish. The fact is that we do not, even though we have a private incentive to do so.

In order to explain this apparently contradictory behaviour, Bacharach developed the idea that people frequently reasoned as part of a group. Popularised as 'we-thinking' this proposed that people characteristically asked themselves 'What should *we* do so that *we* are better off' rather than the corresponding question focusing on the singular. He also explored, and suggested resolutions for, the logical problems that arise from assuming perfect rationality and thus common knowledge on the part of all economic agents.

Much of this was worked out in the professional journals. But he also co-edited two books which give easier access to his thinking. The first of these was *The Foundations of Decision Theory* which appeared in 1991 and *Epistemic Logic and the Theory of Games and Decisions* which followed in 1997.

Throughout his career, Bacharach was concerned that his ideas should have the widest application and while the majority of his students were taking economics, he supervised postgraduate students with interests across the social sciences and in computing and artificial intelligence.

He is survived by his second wife Elizabeth Fricker, by their son and daughter, and by the daughter of his first marriage.

Derek Davies

Derek Davies, economic journalist and editor, was born on 9th March 1931 and died on 15th September aged 71.

Under Derek Davies' editorship, the *Far Eastern Economic Review* became essential reading for anyone interested in the business or political life of the region. Over twenty-five years he developed an authoritative English-language magazine written by himself and by successive teams of journalists, former diplomats, academics and others. Davies has been described as a man who was 'in the right place at the right time' — the Far East in the mid 1960s was a place of both economic and political turbulence. His combination of intelligence, humour and skill as a writer, set against a willingness to take on bureaucratic and political authorities in the area created a stimulating and powerful publication. Davies was not always an easy colleague, but as editor he never failed to support his journalists and took the consequences, sometimes costly, of his editorial decisions.

Davies was born to a Welsh family living in south London; after a disrupted education and National Service, he read English at Jesus College Cambridge. A brief spell with Reuters was followed by the Foreign Office where a posting to Vietnam gave him his first experience of Asia. In Vienna Davies met his future wife, pianist Shishue Sanada, and resigned from the Diplomatic Service as at that time it was against the rules for British diplomats to marry Japanese. The *Financial Times*, and the Hong Kong and Shanghai Bank, owned part of the *Far Eastern Economic Review*. In 1962 Davies, having worked briefly for the *Financial Times* foreign desk, arrived in Hong Kong to write for the *Review*. He became editor two years later, and developed the magazine against the background of momentous change in the region. A quarter century later, Dow Jones took over the *Review*, and shortly after Davies retired, unhappy with the alterations being made by the new owners. This did not prevent him enjoying retirement in London and France.

RES news items

Have you voted yet?

Ballot papers for the election of Council members were sent to all those who were members of the Society in August. Ballot papers must be returned to the Secretary-General by **4 November 2002** in order for the votes to be included in the count.

Make sure that your ballot papers are returned before the closing date!

Members have also been invited to propose candidates for consideration by the Nominating Committee for the vacant places on council from 2003. Those proposed should have given consent to their names going forward. Proposals should be returned to the Secretary-General by 4 November 2002.

Titles for degrees in the United Kingdom

A list of thesis titles of higher degrees in economics, taken entirely by thesis or dissertation and awarded in the United Kingdom during the academic year 2002-2003 will be published in the June 2003 issue of the *Economic Journal*. Degrees already awarded in 2001-2002 may also be included. The subject classification is that used by the *Economic Journal* for Book Notes; this classification is derived from the one devised by the American Economic Association and used in the *Journal of Economic Literature* since March 1991.

Details required for publication are:

- Name of author
- Title of thesis
- Type of degree (MA, M.Sc., D.Phil., Ph.D.)
- Date of award
- Where thesis can be consulted
- Classification (using *Journal of Economic Literature* categories)

Information should be sent by **20 December 2002** to Eleanor Burke, Royal Economic Society, London Business School, Regent's Park, London NW1 4SA (E-mail: eburke@london.edu).

Conference grant fund

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

2003 Annual Conference

The 2003 Annual Conference will be held at the University of Warwick from Monday 7 to Wednesday 9 April

Keynote speakers

Sargan Lecture
Professor Joshua Angrist (MIT)

Hahn Lecture
Professor James Proterba (MIT)

Economic Journal Lecture
Professor Steven Levitt (Chicago)

Further information about the conference arrangements may be obtained from:

Dr Wiji Arulampalam,
Local Organiser, RES Conference 2003,
Department of Economics,
University of Warwick,
Coventry CV4 7AL.

Tel: 024 7652 3471 Fax: 024 7652 3032.
E-mail: res2003@warwick.ac.uk
Internet: www.res.org.uk/conf.html

Visiting lectureships

The Society funds annually up to five short visiting lectureships which allow a distinguished academic to visit a university in the UK for a period of one week, meet with staff and students, and give a short series of lectures.

Departments wishing to nominate academics for such a visit should write to the Secretary-General, Professor Richard Portes, Department of Economics, London Business School, Sussex Place, Regent's Park, London NW1 4SA. The dates of the proposed visit should be specified together with details of the arrangements for the programme of lectures and seminars. Applications are considered in February, May and October each year.

2003 EASTER SCHOOL

The thirteenth Easter School organised by the Society, with financial support from the Economic and Social Research Council, will be held at the University of Birmingham from **6-11 April 2003.** The School is intended primarily for **advanced post-graduate students** but is also open to members of the teaching and research staff. The purpose is to enable participants to become acquainted with the latest developments in the selected field of economics, to have the opportunity for study and discussion with two leading authorities in this field, and to meet other graduate students.

In 2003, the subject of the school will be

**Monetary Policy:
Empirics and Theoretical Analysis**

the lecturers will be

**Professor Fabio Canvo (London Business School)
Professor Bennett McCallum (Carnegie Mellon).**

Further information on topics can be obtained from the Easter School web site at:
www.bham.ac.uk/economics/seminars/res.htm

Places are available for 25 resident students. Accommodation and meals will be provided for the duration of the course. Nominations must be made through the applicant's Head of Department and should be supported by a short CV, a reference, and a note on the applicant's research interests.

Applications should be submitted no later than **1 January 2003** to Lisa Docker, Royal Economic Society Easter School, Department of Economics, University of Birmingham, Edgbaston, Birmingham B15 2TT. Successful applicants will be informed early in February 2003.

Support for small academic expenses

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

Applications, in the form of a letter and stating the purpose for which a small grant (maximum £600) is required, should be sent to Dr Jane Humphries, c/o Eleanor Burke at London Business School.

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

Other announcements

Houblon-Norman Fund fellowships

The Trustees of the Houblon-Norman Fund invite applications for Research Fellowships tenable at the Bank of England during the academic year 2003/2004. The appointment will be for full-time research on an economic or financial topic of the candidate's choice, preferably one that could be studied with particular advantage at the Bank of England. The length of the appointment will be by agreement with successful applicants, but will not normally be less than one month, nor longer than one year. Senior Fellowships will be awarded to distinguished research workers who have established a reputation in their field. Fellowships will also be available for younger post-doctoral or equivalent applicants, and for these, preference will be shown to British and other EU Nationals. The award will normally be related to academic salary scales.

Application forms (to be returned no later than 30 November 2002) and details are available from http://www.bankofengland.co.uk/houblonnormanfund or
Ms Jay Begum, Bank of England, Monetary Analysis Division 2 HO-2, Threadneedle Street, London, EC2R 8AH.
E-mail: jay.begum@bankofengland.co.uk

Course on discrete choice models - fellowships available

Lausanne, 24-28 February 2003

Advanced Continuing Education Course organised by EPFL - Swiss Institute of Technology, Lausanne. A number of fellowships for members of academic institutions will be available. A full-tuition fellowship will be awarded to the best application from a PhD student. Fellowship deadline 31 December 2002. Further information available from: http://roso.epfl.ch/mbi

Donald Robertson Memorial Lecture

The University of Glasgow Donald Robertson Memorial Lecture will be given by Professor Richard Sennett at 6.00pm on Tuesday 17 December 2002. The lecture is entitled: **Borders and Boundaries: The Internal Politics of Urban Space.** The lecture will take place in the Business School Lecture Theatre which is reached via the Main Gate on University Avenue. Further details may be obtained from:
John Parr on 0141 330 4043 (or 4121)
E-mail: j.b.parr@socsci.gla.ac.uk

Conference Diary

2002

october

October 31 - 2 November — *Paphos, Cyprus*

Annual conference of the **Association of Southern European Economic Theorists (ASSET).**

Further information from: www.asset2002.ucy.ac.cy

november

14-16 November — *San Juan, Puerto Rico*

Annual North American meetings of the **Regional Science Association International.**

Further information from: www.narsc.org/

18 November — *London*

Workshop on **Quantitative Methods for the Measurement of Organizational Efficiency** organized by the Institute for Fiscal Studies. Speakers will include: William Greene (Sterne School of Business), Peter C Smith (University of York) and Paul Wilson (University of Texas at Austin).

Further information from:
cemmap.ifs.org.uk/wkshop_orgeff.shtml

20-22 November — *Insbruck, Austria*

Second annual conference on **International institutions and multinational enterprises** (global players - global markets) at the University of Innsbruck organized by the Centre for the Study of International Institutions.

Further information from: Gudrun Eder, Managing Director, CSI Centre for the Study of International Institutions, Faculty of Social and Economic Sciences, University of Innsbruck, Universitaetstrasse 15, A-6020 Innsbruck, Austria. Tel: 43 512 507 7946 Fax: 43 512 507 2840
E-mail: csi@uibk.ac.at Internet: www.ulbk.ac.at/csi

december

4-6 December — *Rome, Italy*

Eleventh international conference organised by Università Tor Vergata, Rome on **Monetary Integration, Markets and Regulation**. Papers on the following themes will be presented: regulation, financial institutions and capital markets; corporate governance and growth; monetary policy , asset pricing and stock markets; credit risk and banking; integration of European financial markets.

Further information from: Professor Michele Bagella, Dipartimento Economia e Istituzioni, Faculty of Economics, University of Rome Tor Vergata, Via di Tor Vergata snc, 00133 Rome, Italy. Tel: 39 6 72595720 Fax: 39 6 2020500
E-mail: bagella@uniroma2.it

6-7 December — *London*

International conference on **Modelling Structural Breaks, Long Memory and Stock Market Volatility** to be held at City University Business School.

Further information from: Dr Giovanni Urga, City University Business School, Frobisher Crescent, Barbican Centre, London EC2Y 8HB. Tel: 020 7040 8698 Fax: 020 7040 8881
E-mail: g.urga@city.ac.uk
http://www.business.city.ac.uk/irmi/giovanni_urga.html

12-14 December — *Bologna, Italy*

Thirteenth annual conference of EC^2 to be held at the University of Bologna. The conference aims to provide a forum for both senior and junior European researchers in quantitative economics and econometrics to discuss their research results. The theme will be **Model Selection and Evaluation**.

Further information from: Professor Niels Haldrup, University of Aarhus, KDK 8000 Aarhus C, Denmark.
E-mail: nhaldrup@econ.dk
www.dse.unibo.it/ec2/

16-17 December — *Hong Kong*

Second biennial conference of the **Hong Kong Economic Association** to be held at The Baptist University of Hong Kong. Invited keynote speakers include: Robert Shiller (Yale), Bennett McCallum (Carnegie Mellon) and Anne Krueger (IMF).

Further information from: Hong Kong Economic Association, G.P.O. Box 4004, Hong Kong. Fax: (852) 2891 7940
www.cuhk.edu.hk/eco/hkea/second.htm

2003

january

3-5 January — *Washington, DC, USA*

Annual meeting of the **American Economic Association** (joint with the Econometric Society) to be held in Washington, DC as part of the Allied Social Science Association Meeting.

Further information from:
http://www.vanderbilt.edu/AEA/anmt.htm

3-5 January — *Washington, DC, USA*

Winter meeting of the **Econometric Society** (joint with the American Economic Association) to be held in Washington, DC.

Further information from:
E-mail: es@www.econometricsociety.org
http://www.econometricsociety.org/conference/NAWM2003

30 January - 1 February — *Paris, France*

Seventh annual conference of the **European Society for the History of Economic Thought** (ESHET) to be held at the Université de Paris-1. The theme will be: The Economic Agent: Theory and History.

Further information from: phare@univ-paris1.fr
http://phare.univ-paris1.fr/ESHET/call.html

february

12-15 February — *Tenerief, Spain*

Fifth international conference of the **European Society for Ecological Economics.**

Further information from:
http://www.euroecolecon.org/frontiers/

march

23-23 March — *Milan, Italy*

International conference on **The Paradoxes of Happiness in Economics** organized by the Department of Economics, University of Milano-Bicocca.

Further information from: Dr Luigino Bruni, Dipartimento di Economia Politica Università di Milano-Bicocca, Piazza dell'Ateneo Nuovo, 1 20126 Milano, Italy.
E-mail: luigino.bruni@unimib.it
http://dipeco.economia.unimib.it

april

4-5 April — *Boston, Massachusetts*

CALL FOR PAPERS

First conference of the **International Industrial Organization** sponsored by the Industrial Organization Society. The conference will include keynote speakers, panel discussions, and contributed sessions on all topics and from all perspectives of industrial organization. Those wishing to present a paper or a session should send abstract by **1 December 2002** to Christopher Snyder, IIOC Program Co-chair, Department of Economics, George Washington University, Washington, DC 20052,USA. Or by email to: iioc@gwu.edu

Further information from: Suzanne Robblee.
Tel: 617 373 2887 E-mail: su.robblee@neu.edu.
Internet: www.ios.neu.edu

7-9 April — *Warwick*

Annual conference of the **Royal Economic Society** to be held at the University of Warwick. See page 19 for further details.

Further information from: www.res.org.uk/conf.html

14-19 April — *Devon*

Annual conference of the **Agricultural Economics Society** to be held at the University of Plymouth.

Further information from: Dr Deb Roberts, Arkleton Centre for Rural Development Research, University of Aberdeen, St. Mary's, Aberdeen AB24 3UF. Tel: 01224 273901 Fax: 01224 273902.
E-mail: deb.roberts@abdn.ac.uk www.aes.ac.uk/confer.htm

june

13-15 June — *New York*

CALL FOR PAPERS

Seventeenth annual conference of the **European Society for Population Economics** to be held at New York University. Submissions (including abstract),should be sent by email by 1 February 2003 to gsas.econ.espe2003@nyu.edu

Further information from: www.espe.org

september

early September — *Salford*

Annual conference of Section F of the British Association for the Advancement of Science, Professor Charles Goodhart, as President. The theme is **Sustainable Science**.

Further information from: Andy Mullineux, Professor of Global Finance, Department of Accounting and Finance, The Birmingham Business School, The University of Birmingham Edgbaston, Birmingham B15 2TT.
Tel: 0121-414-46642
Fax 0121-414-6238
Email: A.W.Mullineux@bham.ac.uk

26 September — *Cambridge*

Centenary conference for Alumni of the Cambridge Economics Tripos and their former teachers. Speakers to include Amartya Sen*, Andrew Turnbull, Bob Solow, Eddie George*, Geoff Harcourt and Martin Wolf (* provisional). Open to Tripos Alumni and their teachers.

Further information from: Brian Holley
E-mail: brian.holley@econ.cam.ac.uk
(Enter 'Centenary conference' in subject field).

Royal Economic Society

Annual Public Lecture 2002

Have We Really Never Had It So Good? An Economic Historian's Perspective

Nick Crafts will deliver the 2002 Royal Economic Society Public Lecture with the title

Is Economic Growth Good for Us?

'The objective of the lecture is to explain what is involved in measuring long run changes in living standards taking account of but going beyond conventional national income statistics. In historical terms it implies informing people how much better off they are than were their great-grandparents. The focal point will be to address the question "how much did UK living standards increase during the 20th Century?" The overall conclusions are basically optimistic, and challenge the gloomy assessments typically made by 'Green' groups and given substantial credence in the broadsheets. The key points include the fact that a child born today has an expectation of life at birth twice that of 1870 while today's worker puts in only about half as many hours annually as was typical in 1850." — Nick Crafts, London 2002.

Nick Crafts is Professor of Economic History at the London School of Economics. As well as being a pioneering researcher in the application of modern economics to the study of history, he is renowned as a compelling speaker and communicator. This lecture will be of interest to specialists and non-specialists alike.

Nick will give the lecture in three places:

The Whitworth Hall, Manchester:
2.30 p.m. Monday 2nd December 2002

The Western Infirmary Lecture Theatre, Glasgow:
6.00p.m. Tuesday 3rd December 2002

Royal Institution, 21 Albemarle Street, London W1S 4BS
3.30 p.m. Wednesday 4th December 2002

Admission is free but by ticket only. The session (including questions) will last approximately an hour and a half.

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.

Membership rates for

2002 are £45 ($72)

There is a reduced rate of £22.50 ($36) for members who reside in developing countries (with per capita incomes below US$500). A special offer of three years membership for the price of one at this reduced rate is available to full-time students who join the Society for the first time in 2002. Details and application form are available from:

The Membership Secretary, Royal Economic Society, University of York, Heslington, York, YO10 5DD.

If you would like to join the Society (at the normal rate), 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 2002.

Name:

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Address:

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