



ROYAL ECONOMIC SOCIETY

# NEWSLETTER

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ROYAL ECONOMIC SOCIETY

## Autumn leaves

The Money, Macro and Finance Research Group and the British Association's section F have been stalwart reporters of their conference activities for many years and their latest meetings are summarised here. Lest there be any suspicion of favouritism, we should point out that this publicity opportunity is open to all groups of researchers and collaborators.

Among the other regular items we have Angus Deaton's 'Letter from America'. This time his subject is the difficulty of using price indexes — an issue which has been discussed in these pages before, albeit from different angles.

The Economics Network has contributed a number of items including a very interesting survey of student views on the teaching and study of economics. It is reassuring that a high proportion find their courses stimulating and meeting their expectations, but the *teaching* of economics, in most institutions at least, looks unlikely to win many prizes for innovative techniques.

We are very pleased to have László Csaba's essay on the state of economics (and economists) in Hungary today and his account of how both have coped with the dramatic political and ideological upheavals of the twentieth century. It is easy to forget that Hungary (and other central European countries) were major centres of intellectual progress before 1939. It's a few years now since we published Harald Hagemann's essay on the diaspora of German economists under the Nazi regime. An essay on the contribution to economics of central European scholars would be interesting.

### In this issue —

• Letter from America	3
• Economics, and economists in transition	5
• MMFRG — 40th Annual Conference	9
• The British Association's Festival of Science	11
• Wage elasticities	13
• Economics Network, annual student survey	14
• Correspondence	17
• RES news items	22
• Conference diary	24

# NEWSLETTER

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## Next issue

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Items concerning conferences, visiting scholars and appointments should be sent to the Administration Officer by:

**16 December 2008**

## Contributions from readers

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

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

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# Price indexes and the history and geography of the world

*In his latest letter, Angus reminds us of the importance of price indexes in a wide range of economic calculations and of the continuing weaknesses of such indexes, especially when it comes to making allowance for quality.*

The price index has become the Cinderella of modern economics, at least in the graduate classrooms of North America, where it has been entirely banished in favor of newer and flashier topics. As I write this, we are beginning the teaching year, and I asked one of my talented young colleagues about his first class. He is teaching macroeconomics to the first year graduate students, and had been impressed by the students' prior knowledge. In particular they had questioned the convergence of the infinite integral of discounted consumption utility with which he had introduced them to the subject. Five (six, or ten) years from now, when these students graduate from Princeton, few will have encountered a price index in class, or know how the government statistical service constructs the  $c$  that goes into the  $u$  that goes under the  $\int$ . Yet recent events have shown that price indexes — of which there is much that we do not understand — are more crucial than ever in how we see the world.

A decade ago I wrote in this letter about the US consumer price index and the fierce debate that erupted in the 90s over how to incorporate quality changes. The debate has not gone away, nor has it been settled. One of the most difficult issues is the treatment of the healthcare component in GDP

and the potential consequences of improvements in quality. Mortality rates have fallen sharply in the US (and other rich countries) since 1970, and there is little doubt that new pharmaceuticals and new treatments have played an important part. Yet this increase in the quality of healthcare is not explicitly (and some would say at all) incorporated into the national accounts. One way of doing better would be to construct a price index that computes, not the costs of various treatments, which have been rising fast, but the cost of maintaining a constant level of mortality, which has arguably been falling. Calculations by William Nordhaus of Yale, and by Robert Topel and

Kevin Murphy at the University of Chicago, using more or less standard numbers for the value of life, suggest that the resulting corrections would be very large indeed, swamping both the level and growth of GDP as currently measured. Yet such calculations, if in the right direction, are inherently controversial, at least if they are seen as corrections to GDP within its current definition. To get the numbers right requires an accounting of the causes of mortality decline, how much to the medical system, how much to reductions in smoking, how much to long-ago improvements in childhood nutrition and disease, and how much to background trends that we simply do not understand. Solving this long-standing research question is hardly something that can be simply handed over to the Bureau of Labor Statistics.

Another set of recent calculations has raised a different set of issues. Christian Broda and John Romalis at the University of Chicago have argued that the much of the difference in real income growth between upper and lower percentiles of the US income distribution is nullified once we take into account the increase in the price of services relative to the prices of goods given that the share of the budget devoted to services rises with income. The influx of relatively

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// The World Bank itself has pronounced the quality control a great success, and has added back a hundred million or so Indians and three hundred million Chinese into the global poverty counts, people who had previously been thought to have escaped. //

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low quality goods from China sold by enormous retail chains like Walmart and Target are benefiting those who shop there, while the rich are being hammered — if not exactly impoverished — by the rising price of doulas, personal trainers, yoga teachers, dog walkers, health management consultants, and clothing purchase advisors — who rarely recommend Walmart. Broda and Romalis also estimate a price index that takes into account the increasing variety of goods available in Walmart and Target, and with this correction, they find no increase in the dispersion of real income between the 90th and 10th percentiles.

And now to the really big issues. The latest results from the International Comparison Program, now housed in the World Bank, estimate the size of the Indian and Chinese economies to be about 40 percent smaller than previously thought. Once again, it's all about price indexes. The ICP collects prices — and the 2005 exercise covered more countries with greater precision than ever before — and combines them into price indexes for GDP and its components. In the simplest terms, these indexes allow comparison of the cost of a bundle of comparable goods in India (in rupees) versus in the US (in dollars.) Nominal values come from national accounts, so that the quantity measures — which show such sharp reductions in the sizes of the Indian and Chinese economies — are entirely dependent on how the price indexes are constructed.

Perhaps the biggest cause of the restatement comes from upward revisions in the implicit prices of government administration, a service that is even more resistant to pricing than healthcare. Another cause is, once again, the treatment of quality in consumption. The current round used very precise definitions of goods and services to guarantee the comparison of like with like, something that was not previously done so that, for example, brain surgery in Nairobi or Kinshasa was taken to be the same thing as brain surgery in New York or Paris. (Though perhaps Douglas might go the other way?) But there is at least some suspicion that the new round may have overdone the correction; many of the precisely defined commodities, such as 'international' brand name goods, are available, if at all, in luxury shops in a few cities in India and China, and are extremely expensive relative to the commonly purchased local goods that fulfil much the same function in those countries. We could correct for quality if we knew what the function was, and how to calculate the cheapest way of fulfilling it, which is essentially the equivalent of the mortality problem. The World Bank itself has pronounced the quality control a great success, and has added back a hundred million or so Indians and three hundred million Chinese into the global poverty counts, people who had previously been thought to have escaped.

Perhaps the Princeton graduates will help with the task of improving our ability to think about and deal with these issues, in spite of the absence of these topics from the curriculum. Certainly, my young colleague — whose training is from Chicago, one of the few places where such topics are still covered — is thinking about saying something about price indexes along the way.

## The British Household Panel Survey at 18

*The British Household Panel Survey (BHPS) celebrates its 18th birthday this autumn. The survey has tracked the lives of 10,000 individuals in 5,000 households since 1991.*

As it comes of age, the BHPS will be incorporated into 'Understanding Society', the UK's new longitudinal survey of around 100,000 individuals in 40,000 households. To celebrate the 18th birthday of the BHPS and the launch of Understanding Society, the Institute for Social and Economic Research (ISER) has published a new report – *In Praise of Panel Surveys* – explaining the achievements of the BHPS.

### *Poverty and social exclusion*

In the report, ISER's director Professor Stephen Jenkins shows that poverty spell repetition (and the fact that the chances of returning to poverty decline the longer the time since leaving it) indicates the importance of measures preventing entries into poverty (not just helping exits from poverty). This is based on BHPS data which show that individuals' experience of poverty over a period of time more commonly reflects repeated short spells of poverty rather than a single long spell of poverty. So while there is no homogeneous and unchanging group of 'the poor', substantially more people are 'touched' by low income over time.

### *Low paid workers*

BHPS data show that people in low-paying jobs are likely to remain in low-paying jobs, and unemployed people are likely to stay out of work. In this respect, low-wage jobs are more similar to unemployment than to higher paying jobs, and experience of unemployment or a low-wage job is likely to result in a cycle of transitions between the two.

Furthermore, according to ISER's Dr Mark Taylor, once workers return to work after becoming unemployed, they rarely earn as much as they used to. The size of the difference depends on the number of times they have become unemployed and why they left their previous job.

These findings indicate that permanent improvements in employment prospects need to be based on stable jobs that provide training and career progression. They highlight the importance of education and training in preventing initial unemployment spells.

The BHPS has played an important role in assessing the impact on workers' experiences of the introduction in April 1999 of the UK's national minimum wage. For low-wage jobs generally, the minimum wage appears to be a stepping stone to higher pay for a minority of workers.

*...continued on p.8*

# Economics, and economists, in transition

*László Csaba,<sup>1</sup> who chaired the Committee on Economics in the Hungarian Academy of Sciences from 2002 to 2008, explains the recent changes in economics education and the role of economists in the transition economies of central and eastern Europe.*

This short essay may be an attempt at the impossible. We try to show how the historic transformations of the past decades have reshaped the content of economics, role and functions of economists in central and eastern Europe, as exemplified by Hungary.

## The early legacy

Hungary has had a long tradition of high quality training and research in economics dating back to the interwar period. The three leading personalities of the era were Farkas Heller, a representative of the Austrian school, Theo Surányi-Unger, a representative of the German historical school and the ensuing idealism, and Ákos Navratil, an adherent of the English classical school. Though closely following contemporary international debates, however, they were best at delivering state of art knowledge to their students, rather than contributing to the mainstream of the day. In consequence, several of their former students later gained international reputations. They include Lord Thomas Balogh of Oxford, William John Fellner of Yale, later Chair of the Council of Economic Advisers under President Nixon, Tibor Scitovsky of Berkeley and the OECD, Lord Peter Thomas Bauer of LSE and Béla Balassa of Johns Hopkins/The World Bank. Introduction of currency controls in 1930 and the subsequent proliferation of interventionism has created a fertile soil for debating, whether those changes were meant to be transitory, or whether they marked the advent of a new era of a state managed economy. Academic economists of all the three major schools were sceptical of this trend on economic and political grounds.

In the 1945-48 period, economic reconstruction and a mixed economy run by a predominantly non-Communist government — the single one in the region — allowed for testing many of the earlier propositions. Political changes, as well as the emulation of contemporary French and British experience of nationalizations strengthened the positions of those advocating more state controls as part and parcel of orthodox policy, rather than a temporary expedient, as was the case after World War One.

The Communist takeover of 1948 created irreparable damage and discontinuity by purging each and every person of professional standing, quite irrespective of their previous involvement or non-involvement in the conduct of politics. The newly created Karl Marx University of Economic Sciences and the fundamentally altered Academy of Sciences were meant to contribute to ‘hammering out the new type of man’, and to serve the imminent needs of the planned economy, in political and technical senses alike. It entailed copying Soviet textbooks and reducing economics to the servant of Marxist ideology and Party politics. Teaching and curricula, previously aligned with conventional western standards, were reorganized accordingly.

## The communist takeover

In the interwar period teaching was elitist and of exceptionally high quality. Its two strongholds were the Regent József Technological University and the Pázmány University of Sciences with its highly-regarded law faculty. Provincial universities, usually old establishments re-settled from the territories lost to Romania and Czechoslovakia, also tended to offer high quality economics education as part of the curricula in their faculties of law. By contrast in 1948 the newly established Karl Marx University of Economics was a specialized institution, not just one faculty in a multidisciplinary academic environment. Its mission and style was strongly anti-elitist (meaning the extinction of the prewar old guard), and its fast and widescale replacement by the new rulers, the *nomenklatura*. Its new professorial corps retained hardly any of the old guard, but was filled with ideologically committed, but professionally poorly trained, people.

The disenchanted former Marxist had an important share in triggering the 1956 revolution, when the Soviet imposed regime collapsed in a mere 12 hours, despite the presence of occupying troops. While the latter restored the old regime within a fortnight, immediate repression was soon followed by gradual liberalization, later known as ‘goulash Communism’. The latter covered intellectual life and the private sphere, retail trade and foreign travel (from 1964 on) as well as freeing political prisoners

beginning in 1961. In the economy a process of continuous experimentation and reforms became the rule. It started in December 1956 with the setting up of the Economic Reform Commission under the avowedly non-Marxian Professor István Varga. Its proposals were, finally, introduced with a delay of a decade, and became known as the New Economic Mechanism, the one sole serious market socialist experiment in the Soviet Bloc. This was complemented by the liberalization of small business (in 1982, immediately upon the imposition of martial law in Poland) and the delegation of power to corporate managers in 1985, paving the way for the largely spontaneous privatization of the 1987-90 period, marking the transition to a market. Throughout the whole 1957-90 period economic policies were based on trial and error (Berend, 1988). In this period, being an economist, self-trained or professional, implied high standing, good salary and social influence, and offered the chance to change the system from within.

As a consequence Hungarian economics in 1948-90 developed two distinctive features. Firstly, it gradually liberated itself from the tyranny of Marxism and Party dogma, and could discuss in a pragmatic and open fashion all important issues save property rights. This was a major difference to, and a source of comparative professional edge over, the practices of other Communist countries (Wagener, 1998). Secondly, it became very different from the simultaneously emerging western mainstream. This had to do with its very different subject matter and methods of analysis, as well as the very different ambitions and objectives. Briefly, it has been rather empirical and pragmatic — consciously avoiding drawing the broader, potentially theoretical, implications of its findings. By contrast, there was a strong abstract trend present. Sure, contemporary Hungarian mathematical economics has never been inspired by neoclassical or neokeynesian ideas. Its major contributions related to macroeconomic planning and the formalization of the Marxian labor theory of value. But this was a small church. Contemporary Hungarian mainstream — meaning the vast majority of contributions to the literature, books and journal articles alike, tended to be focused on a variety of empirical investigations, of firms and sectors. It also focused on the implications and limitations to the workings of the indirectly planned market economy and it searched for opportunities for reform. But here again, the limitations set by one party rule, the dogma of state property and of being part of the Soviet command trading bloc, Comecon, put severe limitations on how far pro-market ideas could reach out.

### Living with the enemy

Notwithstanding the ideological straitjacket, experimentation, especially in foreign trade and finance, have clearly shown the limited prospects for improvements as long as taboos were taken seriously. For this reason the pronounced empiricism in many of the contributions, from

the late 60s at least, were often just thinly veiled attempts to avoid and undermine those dogmas, be it the superiority of public property, the advantages of trading within the East Bloc rather than with the west, or the alleged superiority of a centrally managed price and credit system. The liberation of small business, which started in the late sixties and expanded in the early eighties robbed the ideological claims of their credibility. The man in the street could see for himself that items that used to be in short supply for decades could now be easily purchased from various private ventures. Prices could not be kept stable. Jobs were lost with increasing frequency. Remaining faithful to the Party line did not necessarily translate into material gain or steeper career lines. Travels in the west made millions of citizens aware of the expanding gulf between east and west in terms of living standards and freedoms alike, quite contrary to the ongoing ideological posturing about the advantages of socialism. Sociologically based analyses of new forms of entrepreneurship, as well as of the irregular economy provided useful critiques of contemporary developments. The study of poverty, inequalities and delinquency also figured high on the agenda. Developing new models of market socialism with increasingly competitive solutions, has also been significant, even if geopolitical change has turned much of the second best options irrelevant.

However, in the meantime, reforms of the banking system, of enterprise management, of foreign trade have all brought about a demand for people broadly trained in what was the contemporary mainstream. For this reason, improvement of economic understanding has been much quicker and broader than enrolment numbers or university curricula would suggest. On-the-job learning, or foreign training courses for leading personnel have become a regular feature in the business community, and increasingly also in public administration/especially in terms of law and finance.

### Throwing off the straitjacket

Unsurprisingly therefore when the ‘negotiated revolution’ of 1989 took place, Copernican turns in economic education also followed. At the leading Corvinus University the switchover to standard western macro- and microeconomics was launched already back in 1986 as part of reforming the curriculum. This shift was made possible, even encouraged, by the professionalization of much of teaching in such areas as finance, international trade, industrial organization and mathematical economics, all presupposing a fair degree of familiarity with standard concepts. Furthermore, from 1989 on, a tenfold expansion of student numbers took place, with a heavy emphasis on business, finance and trade-related, applied knowledge. Strangely enough, the traditional continental division between colleges, training for business, and university education, training for academic and analytical careers tended to wither away, with the EU inspired Bologna process imposing the Anglo-Saxon forms without their

substantive features, concluding the process. In short, the research university component, as well as the opportunity of students to move across various fields has not been created, as the fundamental purpose of restructuring was to limit the number of student places to be financed from state coffers. Thus in theory even a BA should ‘sell on the labor market’.

As a result the quantitative expansion has failed to bring a corresponding improvement of the general understanding of economic matters either in business life or in wider political discourse.

Meanwhile academic economics was faced with a double challenge. Firstly, its traditional subject matter and focus, the reformed planned economy, simply disappeared. It was confronted with the unfriendly winds of an overtechnocratic, overambitious, often positively imperialistic mainstream, represented by various advisors, expats and young enthusiasts. Secondly, it was confronted with a lack of funding for fundamental, academic research, not least as a consequence of quantitative expansion of colleges and universities at a time of economic downturn (1988-97).

Still, systemic change has also presented new opportunities and detailed evidence cited in the preceding footnote has shown, that Hungarian authors were demonstrably successful in analyzing the historic novelty of the era, i.e the wholesale transformation of the economic system and its ups and downs in comparative perspective. Certainly the formidable oeuvre of Harvard/CEU Professor János Kornai constitutes a unique achievement, with the two seminal overviews, *The Socialist System* (1992) and *By the Force of Thought* (2006) having triggered a truly global echo.

In terms of education, fundamentally new trends have emerged, quite in line with global experience (Bourgignon, *et al*, 2007). Firstly, top schools have aligned their curricula with their UK/US counterparts. Secondly, and partly an outcome of this, many talented students, especially at PhD level, continue their studies abroad — in some of the most prestigious schools — while foreigners also come to study in Hungary. As an outcome, representatives of the post-transition generation of below 40s have found their way into top places, such as the *Quarterly Journal of Economics*, *Economica*, *NBER Macroeconomics Annual*, or *Review of Economic Studies*. Thirdly, extensive study of the EU and its enlargement has also produced a number of international publications. Fourthly, the ongoing study of the region and internationally recognized contributions to its understanding remained traditionally strong. Fifthly, in terms of geographical distribution, Ph.D training is no longer confined to the former single economics university. The doctoral school in Pécs with its focus on corporate finance, as well as the school in Debrecen with its focus on new institutional economics, now complement the traditionally leading schools in Corvinus (of mathematical and of

international economics). Last but not least, the two schools of the Hungarian-American Central European University, political economy and econometrics, serve as a bridge in terms of student and faculty mobility alike. This institution with its regional focus and exclusive emphasis on graduate education and competitive MA programs serves oftentimes as a bridgehead for able students to enter competitive western Ph.D programs, from Harvard and Michigan via LSE to the European University Institute in Florence.

What kind of balance sheet might be drawn from our bird’s eye perspective? On the one hand, it would be hard to deny the loss of the once imposing status that Hungary and her top economists used to enjoy, being basically the sole Communist bloc country where westerners could conduct open and professional exchanges on any issue of interest, locally and at international conferences alike. We have become, as we always longed for, a ‘normal country’, meaning our intellectual appeal has been cut back to size, set by economic strength and the (lack of) professionalism in educational and R&D policies of the past two decades. On the other hand, the penetration of the mainstream fora by the youngest generation is certainly a promising sign. All the more so as it has been coupled with the traditional presence of the older generation in area studies and regional issues, from logistics to agricultural economics.

Publishing in English has expanded considerably, both via participation in various international research projects (often EU funded) and relying on the autochthonous, local outlets. *Akadémiai Kiadó*, traditionally a brand name for readable social science from the east, now part of the Dutch W.Kluwer Group, continues to produce monographs of international interest. CEU Press is a unique university publishing house on the continent with a broad focus on social sciences and humanities and a strong presence in the Americas. The English language quarterly of the Hungarian Academy of Sciences, *Acta Oeconomica*, currently in its 58th volume and international advisory board and authorship, retains an edge in research in and on the region. And mathematical economists continue to be present in the new global markets (Simonovits, 2003; Medvegyev, 2007).

In sum, being an economist has become quite different to what it used to be, either in the interwar period, or under Communism. The variety of schools, approaches and orientations has been on the increase. The reintegration in the global community of scholars has been going on, not least via participation — at the highest levels — in such fora as the International Economic Association, the Econometric Society, the European Economic Association, The Royal Economic Society or the International Association for New Institutional Economics. Membership and ensuing presentations e.g to the annual general assembly of the American Economic Association has become regular. With ideological, lin-

guistic and conceptual barriers gone, competition in each of the market segments is stiffer than ever. But in all experience, this is the mechanism through which lasting academic accomplishment and quality control is being secured.

#### Notes:

1. László Csaba is currently Professor of Economics at the private Central European University, and at the University of Debrecen and Corvinus University of Budapest. In 1999-2000 he was also President of the European Association for Comparative Economic Studies. Since 2007 he is member/Corr./ of the Hungarian Academy of Sciences. His recent books include *The New Political Economy of Emerging Europe* as well as the forthcoming monograph, *Studies in European Political Economy* both published by Akadémiai/W.Kluwer. More information is on his website: [www.csabal.com](http://www.csabal.com)

2. Theo Suranyi-Unger has actually accomplished a successful academic career in the west after his postwar emigration, publishing books in Germany and the US on comparative economic systems, history of economic thought and economic development, until his death in 1973.

3. Exceptions — not at all numerous — included such highly technical and narrow fields as statistics, mathematics, international trade and history of economic thought.

4. As in many other Communist countries, it was primarily trained engineers and accountants, who often graduated into managers and later high public officials in charge of the economy, while too much of formal training might have resulted in being relegated to the Academy of Sciences or other research establishments of little practical influence and even lower remuneration.

5. The university, which was more pluralist in terms of teaching than its name would have had it, dropped the name of Karl Marx as early as 1986. It was rebaptized as Budapest University of Economics, and later, with a series of amalgamations with other faculties, as Corvinus University of Budapest in 1999, the old building still retaining his bronze statue as a relic of the past.

6. As documented in the handbooks cited in the references, representatives of this line tended to brand the entire profession as collaborators — in political terms — and ignorant in professional terms only by observing the differences we have elaborated in the main text. These persons themselves have rarely, if at all, accomplished anything notable in the global profession in terms of articles in leading journals or books published by leading publishers. In terms of the latter the ‘old guard’ was faring quite well, especially in regional comparison in 1970-90, as documented in Kaase *et al.*, (2002), and Wagener (1998)

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...continued from p.4

## The BHPS at 18

But the majority experience a succession of minimum-wage jobs or intersperse minimum-wage jobs with periods out of work.

### *Mental distress*

Mel Bartley, professor of medical sociology at University College London, uses BHPS data to show that the relationship between social class and mental health depends on two other influences: employment status; and mental health in the past year.

Among employed people, social class does not influence mental health. Among people not working because of early retirement, work-related disability or family commitments, social class is very strongly related to mental health. And among unemployed people trying to find work, mental health is worse in those whose previous jobs put them in the most advantaged social class. All these relationships are stronger among people who have experienced higher levels of mental distress in the past year.

Does low income lead to poor health, or vice versa? The evidence shows causal relationships in both directions. Income levels are more significant than income change. Persistent poverty is more harmful for health than occasional episodes. And income reductions appear to have a greater effect on health than income increases.

The full report, *In Praise of Panel Surveys*, is published by the Institute for Social and Economic Research (ISER) at the University of Essex.

A full copy can be obtained from the institute's website: [www.iser.essex.ac.uk/press/releases/docs/IPOPS.pdf](http://www.iser.essex.ac.uk/press/releases/docs/IPOPS.pdf)

# The 40th Annual Conference of the Money, Macro and Finance Research Group

*The 40th Annual Conference was held at Birkbeck College, London, from the 10th to the 12th September 2008. This report was prepared by John Driffil.*

Around 140 people registered, and there were around 115 contributed papers on the programme. The conference followed the pattern of recent years since the balance of material on the programme reflects the interests of the members. Papers were chosen for inclusion by a group of reviewers drawn from the MMF Committee, with the aim of giving as many people as possible the opportunity of presenting their work, within the constraints of time and space. The titles of the contributed sessions show MMF researchers not neglecting bread and butter topics — monetary policy, for example, was well represented — but also responding to current developments in the ‘real world’ and taking on financial market volatility, housing markets, liquidity, payments systems, banking supervision and regulation, among others. Despite the often remarked and sometimes deplored hegemony of the DSGE model, the conference programme displayed a healthy diversity of modelling strategies. DSGE was there, but by no means in a majority. This conference is very much an international event: 56 presenters were affiliated with non-UK institutions, among them a good number from the Americas, Asia, and Australia. Central Banks and policy makers were well represented, including Deutsche Bundesbank, Bank of England, ECB, Financial Services Authority, FRB St. Louis, BIS, de Nederlandsche Bank, Norges Bank, Oesterreichische Bank, Swiss National Bank. The keynote speakers were Michael Devereux (University of British Columbia), George Evans (University of Oregon), and Paul Tucker (Executive Director, Markets, and Member of the Monetary Policy Committee, Bank of England). There were three special sessions: Anthony Garratt organised one on ‘Forecasting and Model Uncertainty’; David Cobham on ‘Monetary Policy and Central Banking’ in the Middle East and North Africa; and the GdRE Monnaie, Banque et Finance, thanks to Jean-Bernard Chatelain, on ‘Corporate Finance’.

DSGE was there, but by no means in a majority. This conference is very much an international event: 56 presenters

were affiliated with non-UK institutions, among them a good number from the Americas, Asia, and Australia. Central Banks and policy makers were well represented, including Deutsche Bundesbank, Bank of England, ECB, Financial Services Authority, FRB St. Louis, BIS, de Nederlandsche Bank, Norges Bank, Oesterreichische Bank, Swiss National Bank. The keynote speakers were Michael Devereux (University of British Columbia), George Evans (University of Oregon), and Paul Tucker (Executive Director, Markets, and Member of the Monetary Policy Committee, Bank of England). There were three special sessions: Anthony Garratt organised one on ‘Forecasting and Model Uncertainty’; David Cobham on ‘Monetary Policy and Central Banking’ in the Middle East and North Africa; and the GdRE Monnaie, Banque et Finance, thanks to Jean-Bernard Chatelain, on ‘Corporate Finance’.

## The keynote papers

Michael Devereux spoke on ‘Valuation Effects and Net External Assets’, drawing on recent developments in his ongoing research programme with Alan Sutherland. He

used a model of a two-country world in which *inter alia* asset prices and portfolio allocations emerge as part of the general equilibrium of the system. In this framework one can then ask how various shocks hitting this world affect portfolios and asset prices, and thus how valuation effects contribute to international adjustment and risk sharing. A substantial part of his analysis was devoted to the methodological issue, to showing how higher order terms are needed if the approximation to the true model is to reveal the anticipated and unanticipated valuation effects, and how these higher order approximations can be kept relatively simple and easy (or at least possible) to analyse. The valuation effects in his model correspond well with those in data and enhance risk-sharing between countries. But while unanticipated valuation effects can be large and dominate movements in a country’s net financial assets, anticipated valuation effects tend to be small and only appear when higher order approximations to the model are used.

“ Their work is based on the premise that the demands of rational expectations are too strong. Agents should not be fully but boundedly rational in some way, and learn over the course of time about the structure of the economy. ”

George Evans spoke on ‘Expectations, Learning and Monetary Policy: An Overview of Recent Research’ and a copy of the paper can be found at: [www.st-andrews.ac.uk/economics/CDMA/papers/wp0802.pdf](http://www.st-andrews.ac.uk/economics/CDMA/papers/wp0802.pdf)

This summarises some of the results of his and Seppo Honkapohja’s long-established research programme. Their work is based on the premise that the demands of rational expectations are too strong. Agents should not be fully but boundedly rational in some way, and learn over the course of time about the structure of the economy. A key assumption is summed up in their principle of cognitive consistency, which they use extensively: that private agents and policy makers should be modelled as being about as bright as good econometricians, and assumed to use statistical forecasting models to form expectations. The main question then is whether economies, with various policy rules in place, are stable when agents form expectations in this way, and converge to the rational expectations equilibrium. A central message that emerges is that stability is not automatic, and monetary policy needs to be designed to give determinacy and stability under learning. Optimal policy rules often need to

respond to agents' expectations about the future in order to achieve this. Their results on the need for policy to guide expectations chimes well with current concerns about the need to adjust monetary policy so as to keep medium- and long-term inflation expectations anchored at or near the inflation target. The talk demonstrated the wide applicability and importance of taking learning seriously when modelling or carrying out monetary policy, and clearly much work remains to be done in this direction.

Paul Tucker spoke on 'Money and Credit Twelve Months On' (and his text may be found on the Bank of England's web site at <http://www.bankofengland.co.uk/publications/speeches/2008/speech356.pdf> and it will be included in *The Manchester School* conference volume). He reviewed the MPC's concerns about possible future paths of inflation and growth that had led to recent interest rate decisions, and moved on from there to a wider discussion of the problems facing monetary policy at present in a world hit by cost shocks and credit shocks. He pointed to several areas in which current macroeconomic models omit key features of the current situation, including the importance of measures of money and credit in a world beset by credit rationing where the apparent price of money and credit is not the true unobservable shadow price. His neatly speech took in, from a policy maker's viewpoint, key themes that the other two speakers had addressed from a more theoretical perspective. He referred to the need for better integration of macroeconomics and finance, including inter alia a better treatment of risk premia, differential returns on assets, and better understanding of global imbalances, pursuing themes that Mick Devereux had addressed. His discussion of the need for better understanding of how inflationary expectations are formed and move about picked up issues central to George Evans's paper.

We were very fortunate to have had three highly eminent keynote speakers, all of whom gave stimulating insightful talks on really important, highly topical, research and policy agendas; and we are most grateful to them for helping to make the conference a success.

## Organisation and support

*The Journal of Applied Econometrics* once again generously sponsored the conference, so as to support the participation of research students. They also enabled us to use 'Conference Maker' once again. This excellent software greatly eases the work of the programme committee, and also helps those submitting papers and attending the conference. *The Manchester School* also generously provided sponsorship, and will as usual publish a special issue of conference papers. The MMF is very grateful for this support. The ESRC's 'World Economy and Finance Research Programme' provided support in kind: the organisational energies and skills of Mr Tim Byne, the programme's administrator, ensured that everything ran

smoothly during the event. We owe him a particular debt of gratitude. Ms Emma Sullivan (School of Economics, Maths and Stats, Birkbeck) designed the conference publicity material: logo, web site, and programme book. Mr Nigel Foster supervised and troubleshooted the AV. The conference dinner was held in the magnificent Wharncliffe Suite of the Russell Hotel.

For anyone who was not able to attend the conference but wishes to find out more about it, the programme remains available at

<http://www.worldeconomyandfinance.org/mmf2008.html>

and details of all the contributed sessions are on the Conference Maker site at <http://editorialexpress.com/conference/MMF2008/program/MMF2008.html> including pdf files of most of the papers presented.

The next MMF Annual Conference will be held in September 2009 at the University of Bradford Business School, organised by Professor Turalay Kenç. Details will appear on the MMF web site <http://www.essex.ac.uk/afm/MMF/index.html> as soon as possible.

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## ESRC and knowledge transfer

The promotion of consultancy and knowledge exchange and transfer between the academic and commercial worlds has recently become an established feature of public policy in recent years and some institutions have seen it as a useful source of income generation.

In order to promote knowledge transfer, the ESRC has established a section of its website to explain the policy and what it means and also to explain the support schemes that are available.

These include: knowledge transfer partnerships, grants, business placement fellowships, studentships, workshops, training and much more.

[http://www.esrc.ac.uk/ESRCInfoCentre/Support/knowledge\\_transfer/](http://www.esrc.ac.uk/ESRCInfoCentre/Support/knowledge_transfer/)

# Report on Section F (Economics) event at the British Association's Festival of Science

*The British Association's Annual Festival of Science took place in Liverpool, the 2008 European Capital of Culture, from 6 - 11 September. This report was prepared by Stan Metcalfe and David Dickinson.*

The President of Section F, Prof Stan Metcalfe (Manchester and Cambridge), organised a half day conference with the title *Science, Innovation and the Economics of the Future*. Speakers, aside from Stan, were Andrew McMeekin (Manchester), Andrew Stirling (Science Policy Research Unit, Sussex) and Alan Hughes (Cambridge).

## The transition to a bio-based economy

The first presentation, by Andrew McMeekin, presented joint work with Ken Green and Mark Harvey. The focus of the research is on the potential for a transition from oil-based economies to bio-based economies. He argued that there are mounting pressures to reduce dependence on oil: it is running out, its supply is subject to political insecurity and its use contributes to climate change. But, there are opportunities based on technological innovation to find alternatives, especially in the use of biomass for energy and materials. McMeekin discussed how this transition to a bioeconomy was starting to emerge, drawing attention to the markedly different strategies that have been pursued by different governments (e.g. from across Europe, the USA and Brazil) and different firms (new and old). He introduced the transition to an economy in which electricity supply and generation came to play a central role as a successful historical example from which we could learn lessons. Some of the issues he highlighted were:

- there is a need to provide an infrastructure (distribution systems) to make the new technology (electricity) economically effective;
- competition is an efficient way of selecting the right innovations;
- sequential development and learning by doing are critical to the success of a new technology; there will be differences across regions;
- entrenched interests will use strategies to prevent the decline in the traditional industries.

Finally he emphasised the interaction between Universities and Industry in the creation of a Bioeconomy as a significant difference to the introduction of electricity.

## The political basis of decision-making

Andrew Stirling argued that, in order to understand the way in which innovation (particularly in regard to energy) operated, you needed to understand the politics of the decision process. The basis for this observation was that there are many possible technologies that can be adopted to replace carbon-based systems and that the transition to new energy sources is a deliberate policy. This puts political leaders at the forefront of the decision-making process. The rhetoric of political choices is based on the principle of *sound science*. But Stirling then demonstrated that there is no obvious way to choose the sound science route. He provided a number of examples which indicated that there is much room for disagreement on deciding the optimal technology to adopt. The way in which the choice is framed can determine the final decision. Hence the final choice is often made by considering other (political) factors rather than purely scientific evidence. He provided convincing examples of the choice of sustainable energy to show that the way in which the questions were framed would deliver different solutions. One was the role of the discount rate in determining the benefits of adopting nuclear technology. He drew attention to the fact that generally estimate of costs of different forms of energy generation were highly uncertain and hence the decision could not be made solely on which was the cheapest. Again political judgement would be an important factor. Much of the debate was about influencing expectations such that political leaders were able to justify the decision that they made. In the context of innovation Stirling argued that the array of possible choices were never fully articulated and hence debates were often too limited in their scope. Indeed he suggested that by adopting this narrow view of what was possible we were increasing the danger of lock-in whereby choices made today would have a major influence on what choices were available in the future. There was the possibility of dynamic inconsistency and hence inferior choices being made. This led him to conclude that there was a need to maintain diversity to ensure flexible responses in the future were feasible. The political process must operate in a way to promote diversity rather than favour certain option with the associated dangers of lock-in.

## University/industry collaboration

The third presentation was by Alan Hughes. He was interested in university/industry collaborations and how they could enhance innovation. His starting point was the observation that the UK had been led into inappropriate policy as a result of a misperception of what has happened in the US. Innovation and scientific discovery is not the same thing and the relationship between them is not linear (from discovery to innovation) but worked both ways. Furthermore there is a market failure in relation to innovation in that there is a free-rider problem and that the social rate of return is greater than the private rate of return. Hence the State has reasons to intervene but should think of this as placing bets on which activities are going to be successful. One particular aspect of state support is through (publicly-funded) Universities, but this then raises the question whether Universities should play a role in commercialising their inventions. Hughes drew attention to the important distinction between pure and applied research and identified that the former is typically funded by the public purse while the latter relies more commonly on private finance. Hughes identified a number of factors which could enhance University and Industry collaboration and convert pure science into market-led innovation. Thus, frequent contact between University staff and industry, high quality of staff, a willingness to share knowledge and a readiness to explore new ideas, and an active policy towards Research and Development, would enhance the possibility of science generating innovation. More generally he saw that system through which science becomes innovation as being crucial to making successful University/Industry collaborations. But it was important to recognise that Universities provide the knowledge to generate invention not innovation. In reality productivity growth comes from large firms and Universities are only a limited source of innovation. He also pointed out that much of the productivity increase in the US since 1990 has been in retailing and finance, industries where science is not a major factor. The conclusion was that the Entrepreneurial University was not a major source of innovation and productivity growth and the US experience has been overstated.

## Science and innovation

In the final lecture, Stan Metcalfe provided an overview of the role of science in the innovation process, reflecting on the very great transformations in economic activity and in scientific knowledge that have occurred in the past three centuries. The role of scientific development in the transformation of Western capitalism is well documented but science will have an important role to play in solving many problems in the future, so it is particularly important to recognise that the path from scientific discovery to

commercial innovation is usually long and tortuous and that the economic payoff from scientific research is not automatic. In terms of the innovation process much more is involved than invention and much more is required for invention than scientific research alone. Yet science provides a deepening pool of opportunities for invention and then innovation, so it is important to ask "What gets in the way of the science industry connection?" In the 1950s the BAAS sponsored such an enquiry led by Professors Charles Carter and Bruce Williams and the 50th anniversary of the publication of their *Investment in Innovation* provides a timely opportunity to take up this question anew. In providing answers it is instructive to recognise how much the organisation of scientific and of economic activity have in common. Both are problem solving systems designed to explore their respective spheres of activity, each is based on an ever more refined division of labour and associated division of knowing, both are experimental systems that generate and solve problems, each depends on the stimulation of diverse and conflicting views but control the disagreement in highly productive ways. Moreover, both reward the individuals who make a difference, whether the entrepreneur or the cre-

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“ The problems associated with business and university interactions in pursuit of innovation often illustrate the difficulties that are a consequence of the refined division of labour in the production and use of knowledge. ”

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ative scientist, and both put a premium on imagination as well as calculation, and, finally, both are organised with rules of the game that to make information, whether of scientific discoveries or of market prices and quantities, widely avail-

able. Yet there are important differences too. Crucially the tests for the veracity of scientific knowledge, their empirical validation as true statements about the natural world, are quite different from the tests of the veracity of entrepreneurial statements, namely their profitability within the ruling constellation of prices and quantities. Similarly, science is an open system that depends on the public availability of information whereas commerce is the opposite and depends upon establishing proprietary status for what is known. The problems associated with business and university interactions in pursuit of innovation often illustrate the difficulties that are a consequence of the refined division of labour in the production and use of knowledge. In summing up Stan Metcalfe drew attention to the evolutionary properties that flow from science and the economy being organised as open adaptive systems. Such evolutionary systems are marked by continual flux, the rise and fall of rival hypotheses and disciplines, the rise and decline in relative importance of firms regions, industries and indeed whole economies. The fate of the port of Liverpool following from the container revolution in maritime transport is a very pertinent, local example of innovation induced economic flux. Such is the nature of innovation based competition that is the

...continued on p.19

# Wage elasticities: what do they tell us?

*In a recent study of wage formation, the CPB Netherlands Bureau for Economic Policy Analysis has recently established eight different wage elasticities for a range of countries. The results suggest some interesting contrasts.*

The results are summarised in the table below. The figures show the relative change in wages induced by a one per cent change in the relevant variable.

## Labour productivity

We would normally expect an increase in labour productivity to be associated with increased wages. This is confirmed in the table and the elasticities are identical across three groups of countries (at 0.86). The elasticity is rather lower in the Netherlands which the researchers put down to the strong dependence of the Dutch economy on exports. Adjusting wages to higher productivity increases output prices and may lead to a fall in market share where international competition is strong.

## Replacement ratio

The net replacement ratio is defined as the net income of an unemployed worker relative to what he or she would earn in work. In theory we would expect an increase in this ratio to diminish the supply of labour to firms unless of course firms raise wages to compensate. The results show that the increase in compensation required in the Netherlands is notably higher than elsewhere (it is marginally negative in the UK and USA). The Netherlands result maybe explained by the relatively long duration of benefit entitlement so that if the replacement ratio rises, it requires a larger increase in incentive to encourage workers into employment.

Long-term elasticities of the gross wage by type and country group

Variable	The Netherlands	Anglo-Saxon Countries	Scandinavian countries	Other countries
Labour productivity	0.79	0.86	0.86	0.86
Payroll tax (1 + tax rate)	-0.75	-0.69	-0.74	-0.70
Average income tax (1- tax rate)	-0.25	-0.39	-0.26	-0.21
Marginal income tax (1- tax rate)	0.27	0.20	0.25	0.01
Consumer price	0.42	0.49	0.47	0.59
Producer price	0.46	0.46	0.47	0.44
Net replacement ratio	0.37	-0.03	0.17	0.15
Unemployment rate	-0.08	-0.06	-0.09	-0.09

## Taxes

Again the results are consistent both with theory and across countries. In the payroll tax increases by one per cent, then gross wages decline by around 0.7 per cent. One minus the average tax rate is the share of wages left after taxation. If this share decreases by one per cent (because of a rise in income taxes) this leads to an increase in wages. The elasticity varies across countries between roughly -0.2 and -0.4 which amounts to saying that between 0.8 and 0.6 per cent of the tax increase is borne by employees.

## Unemployment

A rise in unemployment should mitigate wage demands and may even encourage workers to settle for wage offers. This appears generally to be the case since the elasticities are negative, though the figure for Anglo-Saxon countries again is lower than for others.

Further details of this and other research and publications from the CPB can be found at:

[www.cpb.nl](http://www.cpb.nl)

# Economics Network of the Higher Education Academy

## 2008 National Survey of Economics Students (and other news)

*In 2008, the Economics Network of the Higher Education Academy carried out its fourth survey of Economics students, covering both undergraduates and postgraduates. This is a summary of the report.*

The survey was conducted online, as part of the Economics Network's ongoing research programme into teaching and learning in Economics. Questions from our previous 2006 survey were used with a new added section 'About your previous learning experience'.

The survey aimed to provide valuable information on students' perceptions of studying economics, including identifying strengths and weaknesses in the learning and teaching of economics. Results from the previous surveys were used in running departmental and national workshops and to inform curricula development in the departments.

### Profile of survey respondents

More than 2000 students from 68 departments took part in the survey, including both undergraduate and postgraduate students. Of the respondents:

- 54.6% were male and 45.4% were female;
- 80.0% started their courses under the age of 21;
- 68.2% stated that English is their first language;
- 67.9% have A-level in Maths;
- 60.5% have A-level in Economics;
- 82.6% stated that Economics was their first choice.

The survey was intended as an observational study and not as a controlled experiment.

### Methods of analysis

Students' responses to the quantitative survey questions were examined using standard statistical methods. Differences in responses were examined by gender, age of entry, year/level of study, A-level Economics, A-level Mathematics, English as first language and choice of course. Relationships that are statistically significant at the 0.05 levels were discussed.

Responses to each of the qualitative questions were coded and aggregated for analysis using N-Vivo software. In the report, for illustrative purposes we include graphs, which were based on the codes, summarised in terms of their frequency and typical quotes from students' responses.

### Responses to individual questions

In many ways results of the survey were similar to the 2006 findings but there were some noticeable changes: more courses are making use of Virtual Learning Environment (VLEs); more students experience interactive forms of seminars/tutorials/classes, such as games and simulations; more group-work projects and group assessment are being used in economics degrees.

### Previous learning experience

Before starting on their current course 73.0 per cent of respondents studied in the UK. Those new to UK came mostly from China, Germany, France, Poland, Lithuania, India and USA (in descending order). They mention the good reputation of UK universities, the high quality of education, the country itself and English language as the strongest factors in their decision to come to the UK.

Comparing their current course with their previous learning experience, nearly two thirds of the respondents found contact with lecturers to be either different or very different; more than half found teaching methods, student support, and e-learning and the use of IT to be different or very different; and more than a third found assessment to be different or very different.

Responses about previous learning experiences differed between those who came from abroad and those who had studied in the UK. Starting a university course was a big change for all respondents, but particularly for international students who also have to adjust to another country. The majority of respondents (64.6 per cent) agree that they were adequately prepared for their current course; and studying it has met expectations for three quarters of students.

### Maths and Stats

More than half of the respondents found the teaching of maths and stats on their course to be very good or mostly good; though one in seven regard it as not very good or poor. Two thirds of respondents found the content of the degree to be largely relevant to the real world and the workload about right.

## Teaching and assessment

When asked how their course differs from their expectations, students mentioned the level of maths, course content and its relevance to the real world, the level of teaching and support for students.

Respondents were asked to indicate how useful they found different types of teaching in supporting their learning. More than half rated the following as either useful or very useful:

- Lectures, small classes and seminars,
- Assigned reading,
- Materials posted by the lecturer on the course's VLE,
- Feedback on submitted work,
- Working informally with other students,
- Preparing for exams and tests.

The less-used learning activities, that more than a third of respondents had not encountered, include:

- Workshops or classes (of over 25 students),
- Group-work projects,
- Online learning using economics software,
- Online questions and tests (not assessed),
- Communication tools in the course VLE.

In seminars/tutorials/small classes, the vast majority go through pre-prepared problem sets or worksheets. Despite the popularity of classroom experiments, games, simulations and role-plays in seminars with those who experience them, 75.7 per cent rarely or never have them. Nearly half rarely or never have individual student presentations. In both cases, however, more students experienced these activities than in 2006.

A majority found that the assessment on their degree accurately tests the level of their knowledge and understanding of the learning outcomes. As part of their assessed coursework, the majority of respondents were given essays to be completed in their own time, while those assessment types that respondents rarely or never experienced included essays done in class (85.3 per cent), online assessment (69.3 per cent) and group-work projects (45.8 per cent). These percentages, however, are lower than in 2006.

An even bigger majority of respondents than in 2006 were on a course that makes use of a VLE — 73.7 per cent compared to 67.0 per cent. Almost all their comments either described VLEs positively or complained that they are underused.

Overall, more than three quarters of respondents were satisfied with the quality of their degree course.

## Students' comments to open-ended questions

- *Best aspects of the course:* the quality of teaching, the choices and flexibility of the programmes and modules, and the career prospects.

- *Most useful seminar activities:* the interactive and practical activities in the seminar. Also found to be useful were group exercises and pre-prepared problem sets, mini lectures, presentations and discussions, and working in small groups.

- *Ways to improve seminar activities:* by making them more interactive with more space for questions, meeting more frequently in smaller classes and better trained tutors.

- *Ways to improve teaching maths and stats:* by checking on prior knowledge, tutors being more sensitive to students' learning needs, by increasing number of workshop-style classes, more problem-based learning.

- *Ways to improve assessment:* more frequent and continuous testing so that there is less reliance on the final exam, more independent coursework, more practice exams, by getting feedback from work handed in and doing more essays.

- *Economics software and its usefulness:* 25 per cent said that they did not use any software, or were not aware of doing so. Software identified by respondents include: Stata, EViews, Microfit, SPSS, WinEcon, Minitab.

- *Effectiveness of VLEs:* they are very effective tools and comments are positive, although some do suggest that they are not used enough.

- *Their future career:* the majority aspire towards a finance-related career, including investment banking, insurance, accountancy, economics — or were undecided.

- *Skills they developed:* were mainly divided between academic, interpersonal and practical.

- *Aspects of the course that they don't like:* students identified teaching quality or certain lecturers and/or tutors, assessment processes, maths, the content and structure of the course.

- *Aspects that could be improved:* quality of teaching, particularly of maths; also the amount of contact time.

- *How the course has changed them:* answers to this question were overwhelmingly positive mainly covering how it helped them with careers, perceptions of the world, and knowledge and understanding.

- *In five years' time:* working in the banking or financial sector, for example as an investment banker or accountant; pursuing further study or working in a business-related occupation.

- *Any other comment:* generally positive — most comments were about how they enjoyed the course overall or thanking for the opportunity to participate in the survey.

## Conclusions

As in the previous surveys, we were impressed by the maturity of students' comments and by their awareness of

teaching and learning issues in economics. Finding out about their previous learning experience will allow us to provide better support to new students through our website *Why Study Economics?* and develop new resources for lecturers teaching international students.

Comparing results with previous years allows us to follow the changing picture of studying economics in UK HE and better target our support to lecturers. In some cases, students' suggestions for improvements in the way courses are run, such as smaller class sizes or more contact time, would require extra resources. In other cases, however, their suggestions could be achieved through relatively small changes in practice, such as ways of using VLEs, classroom activities or teaching styles. The Economics Network is very happy to support lecturers in making changes.

The report also includes Appendices with the Economics Network Student Questionnaire and comparative data from BOS for 2006 and 2008 surveys.

## ... and other news

The RES will be sponsoring the following Economics Network events for Graduate Teaching Assistants and New Lecturers:

### **Friday 26 September 2008, London**

#### *Economics Postgraduate Teaching Assistants/Tutors One Day Workshop*

An Economics Network workshop specifically designed to meet the needs of Economics Postgraduate Teaching Assistants/Tutors with a focus on small-group classes, tutorials, seminars and workshops. Free of charge. Sponsored by the Royal Economic Society.

### **Friday 10-Saturday 11 October 2008, Bristol**

#### *Economics New Lecturers Residential Workshop*

A residential two-day Economics Network workshop specifically designed to meet the needs of new and aspiring lecturers of economics. The workshop will complement any generic-based institutional courses that delegates are attending or have attended. Free of charge. Sponsored by the Royal Economic Society.

These workshops will be repeated in Scotland:

Economics Postgraduate Teaching Assistants/Tutors Workshop, Edinburgh, Friday 24 October

Economics New Lecturers Residential Workshop, Glasgow, Friday 28 to Saturday 29 November 2008  
Sponsored by the Scottish Economic Society

For all information including booking form please go to:  
<http://www.economicnetwork.ac.uk/news/>

## Economics Network Key Contacts Conference Report

The Economics Network has established a network of Key Contacts throughout UK Higher Education Institutions. Every economics department or business school that teaches courses with an element of economics has a Key Contact representing them. (Key Contacts typically have a keen interest in learning and teaching and often have a responsibility in this area).

The conference this year focused on Employability and Student Skills; and Small-Scale Innovations in Teaching. The Keynote speaker was Andy Ross of the Government Economic Service and HM Treasury.

Key contacts also discussed a new initiative to establish Regional Network Coordinators to communicate and support Key Contacts.

More information on the conference and Key Contacts can be found at:

<http://www.economicnetwork.ac.uk/contact/keycontacts.htm>

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## Great Thinkers in Economics

— a call for authors

Professor Tony Thirlwall of the University of Kent is editing a series of books for Palgrave-Macmillan on Great Thinkers in Economics. Six volumes have so far been published on Smith, Marshall, Robertson, Myrdal, Keynes and Modigliani, and several volumes are in the pipeline — but he is looking for new authors to write, particularly on Paul Samuelson, Sir John Hicks, James Meade, Kenneth Arrow, Amartya Sen, and Joseph Stiglitz.

If any member of the Society would be interested in writing a volume in the series please write to:

Tony Thirlwall, Dept of Economics, Keynes College, University of Kent, Canterbury, Kent CT2 7NP

or email: [at4@kent.ac.uk](mailto:at4@kent.ac.uk)

The web address of the Great Thinkers in Economics series is:

[www.palgrave.com/economics/greatthinkers.asp](http://www.palgrave.com/economics/greatthinkers.asp)

# Correspondence

## Adam Smith

The July *Newsletter* (no. 142) had an article on Adam Smith in which the representation of his ideas in a monument are discussed. A suggestion he made, rarely referred to but entirely sensible, was to tax ground rent, since it does not impair economic activity but instead actually promotes efficient use of land and hence the activities that take place on land. Smith could not afford to be more explicit since he was funded by the landowning classes, but his suggestion fitted well with the times, when physiocracy was popular.

*Jeffrey J Smith,  
President, Forum on Geonomics*

## The RAE

I am writing to comment on some issues raised by the 'Annual Report of the Secretary-General' in your *Newsletter* (no. 141). The section on the Research Assessment Exercise (RAE) starts by praising the benefits of competition.

When my local Sainsbury first opened, the quality of the groceries was superb; as the number of small grocers in the area closed down the quality in the supermarket declined. The effects of competition on the firmness of tomatoes and peaches were...tangible. However, this story is about groceries not research. Research output and processes are different from groceries. Is competition as relevant for research as for groceries?

Professor Portes discusses two examples. The first one relates to capital markets; at this particular moment, the example may not be very fortunate in supporting the link between markets and performance; however, it is certainly one in which competition is relevant. But does it prove that it is for research? The second example discussed by Prof Portes has to do with reputation and 'branding' of business schools and economics departments. There is no specific discussion of research. What evidence do we have that competition-led RAE is delivering *high quality research*? The RAE may be producing more publications and inducing more people to engage in research — to which some of them may be little inclined and ill suited — neglecting their teaching for which they may have been better suited. But this tells us nothing about the *quality of research* produced.

Professor Portes then goes on to belittle continental Europe's economists, particularly German and French ones whose research outcomes are, allegedly, poor due to their rigid institutional systems. As examples of the

effects of bureaucratic rigidities he cites two reports from rejected applications for EC research funding. This is also used as an opportunity for labelling mediocre economists working within alternative, heterodox approaches.

In letting off steam against evaluators who may have turned down his applications, Prof Portes applies a double standard. He strongly criticizes the peer review system when it fails his applications. However, he seems to think that the very same system works well when it rejects papers or applications from academics working outside the mainstream paradigm or when used in the RAE process.

This takes me back to competition, groceries and research. Competition in the research field may be misguided when seen as competition between individuals and/or departments. However, when competition is between alternative theoretical paradigms it may indeed act as a stimulant of research; the interaction between different paradigms may achieve higher quality of research for all of them, including the mainstream one. So, far from disparaging and marginalizing alternative approaches, the RES might want to use its authority and influence actively to promote pluralism.

Professor Portes has written as Secretary-General of the RES, an old and highly respected institution. It is for the good reputation of the RES that I sincerely hope that future Secretary-Generals will write with less arrogance and more sensitivity. I also hope that the RES starts a serious analysis of the long-term impact of the RAE on the quality of research in economics.

*Grazia Ietto-Gillies  
Emeritus Professor of Applied Economics  
London South Bank University*

## Correction

In the last *Newsletter*, on p.21, we gave an incorrect address for readers wishing to contact Chris Farrell on the subject of measuring innovation. The correct instruction should have been:

Further information can be obtained from Chris Farrell via [www.techmatt.com](http://www.techmatt.com)

We apologise to all concerned for this error.

# The Post Keynesian Economics Study Group

*Mark Hayes, Secretary of the group, provides this update of recent developments at the PKSG.*

The Post Keynesian Economics Study Group (PKSG) was founded in 1988 by Philip Arestis and Victoria Chick with financial support from ESRC. Arguably the distinctive feature of Post Keynesian economics is the principle of effective demand, that demand matters in the long as well as the short run. Important questions (e.g. about employment, growth, financial markets and the international financial system) can be raised from this perspective that do not fit easily with the methodology of mainstream economics.

PKSG's main activity over the last 20 years has been the organisation of regular half-day seminars around the UK and occasional larger conferences. Seminars usually draw an attendance of 20-30 from both UK and overseas, from a mailing list of over 300 economists. A workshop on the question 'Inflation targeting: is there a credible alternative?' took place at Balliol College, Oxford, in April and another on 'Methodology After Keynes' takes place on 20 September at Stirling in conjunction with SCEME (Stirling Centre for Economic Methodology) and with the sponsorship of SIRE (Scottish Institute for Research in Economics).

The present committee (Jonathan Perraton, Geoff Tily, Mark Hayes, and Giuseppe Fontana) has adopted a constitution and is currently inviting supporters to become subscribing members. A website has been created at [www.postkeynesian.net](http://www.postkeynesian.net) where members can submit working papers, without peer review beyond basic moderation, for access by other members. Structured comments on other members' work will be welcome, with a view to provoking constructive dialogue. This process of continuous submission of working papers and, hopefully, debate should help the committee to identify topics of sufficient interest to warrant a seminar.

A second reason for creating a 'virtual department' in this way is to make it easier for others, including interested research students and friendly mainstream scholars, to engage with this school of thought. The openness and continuity of an association make it more accessible than a peer-reviewed journal or the conference circuit for the expression and debate of ideas, as they arise and by newcomers.

To begin the new academic year, PKSG is sponsoring a weekly Keynes Seminar at Robinson College, Cambridge. Sessions will alternate between a guest speaker and a reading group to work through Keynes's *General Theory*. Confirmed guest speakers include

Victoria Chick, Geoff Harcourt, Michael Ambrosi, Claudio Sardonì, Michel De Vroey, Roy Rotheim and Brendan Sheehan. Further details can be found at [www.postkeynesian.net](http://www.postkeynesian.net).

Members of the RES are warmly invited either to join PKSG or simply join the mailing list without obligation. Membership is not required for attendance at seminars.

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## 2009 RES Easter School

The nineteenth Easter School organised by the Royal Economic Society, with financial support from the Economic and Social Research Council, will be held at

**The University of Birmingham**  
**from Sunday 29th March — Thursday 2nd April**

The School is intended primarily for advanced postgraduate students doing doctoral research 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 fields of economics, to have the opportunity for study and discussion with two internationally renowned experts in the topics covered, and to meet other young researchers.

In 2009, the subjects of the school will be *Networks and Auctions*. The lecturers will be

**Professor Sanjeev Goyal (University of Cambridge)**  
**Professor Paul Klemperer (University of Oxford)**

Places are available for 25 resident participants. 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 **9th January 2009** by email to the Royal Economic Society Easter School Secretary, Department of Economics, The University of Birmingham, Edgbaston, Birmingham, B15 2TT.

Email [easterschool@contacts.bham.ac.uk](mailto:easterschool@contacts.bham.ac.uk).

Successful applicants will be informed in February 2009.

## Section F of the British Association

basis for our continued growth in economic wealth but at a price, that of structural change and a very uneven distribution of gains and losses from the application of new knowledge. The great Austrian economist, Joseph Schumpeter, was quite correct to label this a process of creative destruction, and to draw attention to the restless nature of knowledge based capitalism and the powerful incentives it generates to acquire knowledge in pursuit of economic advantage. It would be no bad thing if the BAAS and other organisations once again instigated a study of these complex processes, one designed to capture the modern realities of the exploitation of science in a service economy that is deeply influenced by the changing distribution of international competitive advantage.

The event included a lively and informed debate with members of the audience. The role of Science and Innovation in solving today's global problems is of significant interest to the general public as well as policy-makers and academics. The work presented at this conference indicated very clearly that economic analysis has an important role to play in the process whereby scientific discoveries find their way to the market place through innovation.

Section F would like to offer thanks to both The Management School at the University of Liverpool and Bip Banerjee of that School for their invaluable assistance in making this event the success that it was. The Royal Economic Society and the British Association for the Advancement of Science generously provided the funding.

## centre for microdata methods and practice (cemmap)

activities in 2008/09

cemmap is a joint venture between the Dept of Economics at University College, London and the Institute for Fiscal Studies. It was founded in 2000 and is now a national Research Centre of the ESRC.

Amongst its many activities, cemmap:

- develops and applies methods for modelling individual behaviour;
- conducts research and organises conferences, workshops, training courses etc. for academic and professional economists from the UK and abroad;
- maintains an extensive network of fellows in the UK and overseas.

Amongst its 2008/09 courses...

Panel/longitudinal data analysis	Panel time series
Policy evaluation methods	Duration models
Discrete choice modelling	Microsimulation

...and workshops

Unobserved factor models  
Experimental analysis of procedural rationality in games and decisions  
Semi and non-parametric identification and inference

For further details of these and other events, visit the website: [www.cemmap.ac.uk](http://www.cemmap.ac.uk)

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## New Economics Papers - available by RSS feed

NEP reports are now available via RSS feeds. RSS began as a way for readers to easily read updates in blogs, but now many other types of media, e.g. newspapers use them. The most recent versions of Firefox and Internet Explorer can read RSS feeds, as can specialized web sites like Google Reader, Bloglines, My Yahoo, iGoogle. Many find reading RSS feeds preferable to reading e-mail. Of course, NEP reports are still available via email.

Papers announced on NEP come from bibliographic data submitted to RePEc. To have your own working papers listed on RePEc, use your institution's RePEc archive. There are over 900 RePEc archives out there.

RePEc is an effort trying to improve the dissemination of research in Economics. All its service are free, thanks to a large number of contributors. Visit <http://repec.org/> to learn more about RePEc.

To subscribe to an RSS feed, go to <http://nep.repec.org/> and click on your chosen report. Then click on the orange icon in your browser's address bar, or on the "RSS feed" link in the web page itself.

## The Rybczynski Prize for Business Economics

The Society of Business Economists has, since 2000, awarded an annual prize for the year's best piece of writing on an issue of importance to business economists. The Rybczynski Prize — worth £3000, thanks to the generous sponsorship of KPMG — is awarded in memory of the late Tad Rybczynski, an eminent economist and long-serving former Chairman of the Society. Essays can be written especially for the competition, or may be work published in the course of 2008. The judges will be looking for around 3000 — but not more than 4000 — well-written and thought-provoking words. Previous winners have included Roger Bootle, Simon Briscoe, Joanne Collins, Fergus Hicks, Thomas Mayer, Pam Woodall and Kevin Daly; last year the Prize was shared by four Italian economists undertaking research for a bank.

To have the chance of adding your own name to this list, please contact the SBE secretariat at [admin@sbe.co.uk](mailto:admin@sbe.co.uk), or visit the SBE website, for an entry form. The closing date for entries is:

**8 December 2008**

## EEA announces the Koford Prize

In memory of Kenneth J Koford, editor of the *Eastern Economic Journal* from 1999-2004, the Eastern Economic Association has established a prize to help junior foreign scholars to attend the annual EEA meetings and to present a paper. The next EEA conference will be held between February 27, 2009 - March 1, 2009, at the Sheraton New York Hotel and Towers in New York City. The winner of the Koford Prize will receive \$1000 towards travel, registration, and accommodation at the conference.

The objective of the Koford Prize is to assist junior economists with completed PhDs who have not yet been considered for tenure, and who are not citizens of the US. To apply please send a cover letter, CV, and manuscript electronically to:

Alexandra Bernasek, Department of Economics,  
Colorado State University, Fort Collins, Colorado,

or to:

[Alexandra.bernasek@colostate.edu](mailto:Alexandra.bernasek@colostate.edu). Please include contact information, an abstract, and three JEL codes with your paper. The maximum paper length is 10,000 words.

The deadline for paper submissions is

**December 15, 2008.**

## Houblon-Norman/George Research Fellowships

Applications are invited for Houblon-Norman/George Research Fellowships tenable at the Bank of England during the academic year 2009/2010. Appointments 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 any 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  
**28 November 2008**)

and details are available from:

<http://www.bankofengland.co.uk/about/fellowships/index.htm>

or by emailing the Houblon-Norman/George Fund account [MA-HNGFund@bankofengland.co.uk](mailto:MA-HNGFund@bankofengland.co.uk) Postal applications should be addressed to the Secretary to the Houblon-Norman/George Fund, Bank of England, Threadneedle Street, London EC2R 8AH.

## 19th EC-squared Conference, Rome 2008

The 19th annual EC<sup>2</sup> conference will be held in Rome, Italy, on December 19-20, 2008. The conference will focus on

### Recent Developments in Structural Microeconometrics

The programme chairman is Jean-Marc Robin

Invited speakers :

Zvi Eckstein (Tel Aviv University)  
Jean-Pierre Florens (University Toulouse I)  
Costas Meghir (University College London)  
Elie Tamer (Northwestern University)

Further details from: [www.ec2-rome2008.net](http://www.ec2-rome2008.net)

A selection of the papers presented at the Conference will be published in a special issue of the *Econometrics Journal*

<http://www.res.org.uk/econometrics/econometricshome.asp>.

# Royal Economic Society 2009 Annual Conference

## Call for Papers

The 2009 Annual Conference of the Royal Economic Society will be held at the University of Surrey from **Monday 20th to Wednesday 22nd April, 2009**.

Keynote lectures will be given by:

Pinelopi K Goldberg (Princeton)  
David Laibson (Harvard)  
Gilles Saint-Paul (Toulouse)  
Sir John Vickers (Oxford; Presidential Address)

The Programme Committee invites submissions of papers for General Sessions from academic, government and business economists in any field of economics and econometrics.

Submissions can be made from the end of July at: <http://editorialexpress.com/conference/res2009>  
Details of the submission process will be made available on the Conference web-site.

Deadline for submissions is **17th October 2008**.  
Notification of acceptance will be sent by **mid-December 2008**.

Proposals for **Special Sessions** are also invited.

A Special Session on any particular theme would typically bring together 3 papers plus discussants. Special Session proposals should consist of a one page document: further submission details will be published on the Conference web-site.

Authors of papers accepted for presentation at the RES Conference will be entitled to submit their papers for possible publication in the Conference issue of the *Economic Journal*. The Conference issue is edited to the same standards as regular issues of the *Economic Journal* and is published as part of the regular March issue in 2010. Promising papers not ready for publication in the Conference issue may be invited to resubmit for a later *Economic Journal* issue using the same referees and reports from the Conference issue.

The Programme Chair will be Robin Burgess (LSE) and the Local Organiser will be Jo Evans (Surrey): contact RES email addresses for both will be posted on the RES Conference web-site at: <http://www.res.org.uk/society/annualconf.asp>

### *Other Information*

**Online Registration will be open from January 2009**. Further details on registration, accommodation and other matters – including information on financial support for postgraduate students attending Conference – is available via the link to the RES Annual Conference web-site at: <http://www.res.org.uk/society/annualconf.asp>.

# RES

## news items

The Royal Economic Society offices can now be contacted via the RES Administrator (Amanda Wilman) at the following address:

The Royal Economic Society  
School of Economics and Finance, University of St. Andrews, St. Andrews, Fife, KY16 9AL. UK  
Telephone: +44 (0)1334 462479  
Fax: +44 (0)1334 462444:  
E-mail: royaleconsoc@st-andrews.ac.uk  
Website: <http://www.res.org.uk>

### RES Annual Conference

See facing page.

### Annual Public Lecture 2008

This initiative by the RES aims to bring the best communicators in the economics profession into contact with a wide public and to show the importance of top-quality economic research to questions that matter to all citizens.

Professor Timothy Besley FBA, a member of the Monetary Policy Committee of the Bank of England will deliver the Society's 2008 Annual Public Lecture at

**The Royal Institution, London on 18 November  
(15.30 - 1700)  
and  
University of Strathclyde, Glasgow (1600-1800)  
on 20th November**

More details will be available on the RES website [www.res.org.uk/society/lecture](http://www.res.org.uk/society/lecture) as they become known. Admission is free but by ticket only. The lecture including questions will last approximately 1.5 hours. Tickets for either venue may be requested by emailing: [royaleconsoc@st-andrews.ac.uk](mailto:royaleconsoc@st-andrews.ac.uk).

### Fourth PhD Presentation Meeting

The Royal Economic Society is pleased to announce that the Fourth PhD Presentation Meeting will be held on

**Saturday 17th and Sunday 18th January 2009  
at University College London.**

The event will be organized by Rachel Griffith and Liam Graham.

The aim of this event is to provide a service both for UK economics departments and other European economics departments wishing to recruit lecturers, and for PhD students seeking academic jobs either in the UK or elsewhere in Europe.

Participants are expected to use the event as a way of identifying potential candidates for forthcoming positions. Participating students will have the opportunity to meet potential employers and learn about forthcoming positions.

The event will consist of two days of students' presentations. Participating departments and hiring institutions will be asked to attend these presentations.

They will also be allocated a cubicle at the conference site during the two days of the meeting in order to arrange individual appointments with participating students.

Please see the RES website for more details:  
<http://www.res.org.uk/academics/phdjobmarket.asp>

### One-Year Junior Fellowship Scheme

#### 2008/9 Award Winners

The Society would like to thank all those who entered the RES Junior Fellowship Scheme and offer its congratulations to the following candidates who have been awarded a one-year Junior Fellowship for the period 2008-9:

Aristotelis Boukouras (University of Warwick)  
Fabian Eser (University of Oxford)  
Rita Ginja (University College London)  
Jonathan G James (Swansea University)

Details of the 2009-10 Junior Fellowship Scheme will be posted on the RES website and in this *Newsletter*.

### Rybczynski Prize for Business Economics

See page 24

### Houblon-Norman/George Fellowships

See page 24

## The Young Economist of the Year

The Society, in partnership with the leading educational website, Tutor2U, is delighted to announce that the joint winners of The Royal Economic Society Young Economist of the Year Competition 2008 are

**Promit Anwar (Queen Elizabeth's Boys' School Barnet)**  
and **Lizzy Burden (Withington Girls' School)**

Nearly 400 entries — from as far afield as Singapore — were received for the 2008 competition. The task was to write up to 2,000 words on which economic idea or policy has most power to improve our lives. A wide variety of topics were covered by entrants including investment in sports facilities, the economics of happiness, micro-finance, mass collaboration and feed-in tariffs.

The joint winners will be awarded with their prize at the RES Annual Public Lecture on 18th November at the Royal Institution in London.

Details for the 2009 competition will be provided by Tutor2U, please see the RES website for more information <http://www.res.org.uk/society/youngeconomist.asp> or contact the RES Administrator.

## New Lecturers Residential Workshop- England

Friday 10-Saturday 11 October 2008, Bristol  
Sponsored by the Royal Economic Society.

A residential two-day Economics Network workshop specifically designed to meet the needs of new and aspiring lecturers in economics. The workshop will complement any generic-based institutional courses that delegates are attending or have attended. Free of charge. Further information including booking form from: <http://www.economicnetwork.ac.uk/news/>

## New Lecturers Residential Workshop Scotland

Friday 28-Saturday 29 November 2008, Glasgow  
Sponsored by the Scottish Economic Society.

A residential two-day Economics Network workshop specifically designed to meet the needs of new and aspiring lecturers in economics. The workshop will complement any generic-based institutional courses that delegates are attending or have attended. Free of charge. Further information including booking form from: <http://www.economicnetwork.ac.uk/news/>

## Conference Grant Fund

The Society's Conference Grant Fund is available to members who are presenting a paper, or acting as a principal discussant at a conference; support of up to £500 is available. Awards are made three times a year. The closing dates for applications are **31 January, 31 May, and 30 September** each year in respect of conferences which take place in the ensuing four months.

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

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

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

Application forms and further particulars may be obtained from either:

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

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

## Support for Small Academic Expenses

The Society is able to offer financial support to members who require small sums for unexpected expenditures. The type of expenditures which could qualify for support under this scheme include travel expenses in connection with independent research work, the purchase of a piece of software, expenses for a speaker at a conference being organised by the applicant's University or Institute, etc. Please note that the awards under the conference grant scheme are highly competitive, and selection will be based on the following criteria. These criteria should be addressed in the letter of application:

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

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

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

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

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

## Publications

A review of the Society's scholarly publications is under way. These include: *The Collected Writings of John Maynard Keynes*; *Keynes Lectures, 1932-35*; *The Works of Ricardo* (Vol VI-XI); Malthus' *Principles of Political Economy* and *An Essay on the Principles of Population*; *Centenary Essays on Alfred Marshall*, *Official Papers of Alfred Marshall* and *The Correspondence of Alfred Marshall, Economist; Libertarian Conflicts In Social Choice*.

Further information regarding the current availability and discounts available to RES Members for these publications may be obtained from the RES Administrator, Mrs Amanda Wilman, The Royal Economic Society, University of St Andrews, Castlecliffe, St Andrews, Fife, KY16 9AL, UK.

E-mail: royaleconsoc@st-andrews.ac.uk

or via the Society's home page on the internet ([www.res.org.uk](http://www.res.org.uk)).

Enquiries about rights, permissions and initiatives relating to editions and other scholarly works should be addressed to The Publications Secretary, Professor Donald Winch, Arts E, University of Sussex, Falmer, Brighton, BN1 9QN or email [d.winch@sussex.ac.uk](mailto:d.winch@sussex.ac.uk)

## Changing Your Address?

*Newsletters* and the *Economic Journal* continue to be returned by the postal authorities marked 'Gone away', not known at this address' etc. If you are going to change your address shortly, please remember to advise the Society. The information should be sent to the Membership Secretary, Katherine Crocker, Department of Economics and Related Studies, University of York, Heslington, York YO1 5DD.

E-mail: [kc6@york.ac.uk](mailto:kc6@york.ac.uk)

# Conference Diary

2008

november

7-9 November

Florence, Italy

Annual meetings of **ASSET** to be held at the European University Institute.

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

17-18 November

Melbourne, Australia

The World Academy of Social Sciences, Australia with the World Journal of Social Sciences, Global Review of Social Sciences and International Review of Business Research Papers invite papers for the **World Congress on Social Sciences and Education**.

Registration deadline : **20 October, 2008**.

Further information from <http://wassco.org/>

24-25 November

Addis Ababa, Ethiopia

**Macroeconomic Policy, Productive Capacity and Growth in Africa**

Further information from [http://www.uneca.org/eca\\_programmes/trade\\_and\\_regional\\_integration/default.htm](http://www.uneca.org/eca_programmes/trade_and_regional_integration/default.htm)

28 November

Brussels, Belgium

**How can behavioural economics improve policies affecting consumers?**

This conference aims to bring the research and policy-making communities together, in order to make research more relevant to current policy problems. The conference should help researchers understand the kind of evidence

policy-makers need and should make policy-makers aware of the advances of behavioural economics and of the nuances of consumer behaviour. It should also generate ideas for new research that could be carried out under the 7th Framework Programme. Organised by the European Commission, DG Health & Consumers.

*Further information from:* <http://ec.europa.eu/consumers/dyna/conference/index.cfm>

*28-29 November* *Dresden, Germany*

### **CESifo Workshop on Political Economy**

Selected papers presented at the conference will appear in the CESifo Working Paper Series. As the workshop intends to build a network in this research area, participation is welcome even without paper contributions.

*Further information from:* <http://www.tu-dresden.de/www/wlfw/media/PDF/>

*28 November* *Strasbourg, France*

### **Sustainable Development: Demographic, Energy And Inter-Generational Aspects**

Both theoretical and applied contributions to environmental and natural resources economics and to economic growth literature will be approached.

*Further information from:* <http://cournot2.u-strasbg.fr/users/beta/>

december

*3-6 December* *London*

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

*Further information from:* [www.cass.city.ac.uk/conferences/Chicago\\_London/index.html](http://www.cass.city.ac.uk/conferences/Chicago_London/index.html)

*5-8 December* *Dunedin, New Zealand*

### **11th McGill International Entrepreneurship Conference**

The MIE 2008 Conference is an exciting forum in which researchers and practitioners can explore important issues and challenges facing entrepreneurs in developed and developing economies.

*Further information from:* <http://www.mieconference2008.otago.ac.nz/>

*19-20 December* *Rome, Italy*

**19th EC<sup>2</sup> Conference** (see p.20)

2009

january

*14-15 January* *Vallendar, Germany*

### **Behavioural Finance - How to Account for Irrationality?**

Annual research conference on Finance to be held at the WHU, Otto Beisheim School of Management.

Further information from: [www.campus-for-finance.com](http://www.campus-for-finance.com)

march

*18-20 March* *Nice, France*

### **8th International Conference of the Middle East Economic Association (MEEA)**

Jointly organized by the MEEA, the Hedge Fund Research Institute (HFRI), the International University of Monaco (IUM) and the University of Nice Sophia Antipolis CEMAFI

*Further information from:* <http://mee2009.monaco.edu/index.php>

*20-21 March* *Berlin, Germany*

### **Humboldt-Copenhagen Conference 2009 on Financial Econometrics**

This conference aims to present and discuss recent topics in Financial Econometrics and is the starting point for a conference series which will be organised every two years at the Humboldt-Universität zu Berlin or at the

University of Copenhagen.  
Deadline for paper submission: 15. October 2008

*Further information from:* <http://www.hu-ku-conference.de/>

*23-24 March* *Berlin Germany*

**Conference on Forecasting and Monetary Policy** to be held at the Bundesbank facility, Berlin.

Deadline for submissions is November 30 2008.  
*Further information from:*  
<http://www.wlu.ca/viesmann/conferences.html>

*27 March* *Rome, Italy*

**1st Macroeconomic Forecasting Conference - MFC 2009**

The first macroeconomic forecasting conference — MFC 2009 — jointly organised by IFO, INSEE and ISAE. Following a long standing co-operation among the three institutes in macroeconomic forecasting, the forthcoming conference aims at gathering the most recent outstanding contributions on applied and theoretical research in this field.

*Further information from:*  
[http://www.isae.it/bpg/publications\\_list.asp?vjob=vcat,29](http://www.isae.it/bpg/publications_list.asp?vjob=vcat,29)

*1-2 April* *Naters, Switzerland*

**Agricultural Biotechnology - Economic, Social and Legal Aspects**

The Swiss Society for Agricultural Economics and Rural Sociology cordially invites contributions related to genetically modified crops and agricultural biotechnology in general. In order to cover the broad range of current research on these issues, contributions are encouraged from a wide range of fields and disciplines such as agricultural economics, sociology and law.

Deadline for paper submission: **16 October 2008**

*Further information from:*  
<http://www.sga-sse.ch/index.php?page=853>

*April 27-May 3* *Buch/Ammersee, Germany*

Call for papers. **The 12th IZA European Summer School in Labor Economics** will be held at Buch/Ammersee, Germany. The School is open to

advanced graduate students from European universities, or Europeans studying abroad, engaged in the preparation of a doctoral dissertation.

*For further information*  
[http://www.iza.org/en/webcontent/teaching/summer-school\\_html](http://www.iza.org/en/webcontent/teaching/summer-school_html)  
and Konstantinos Tatsiramos ([tatsiramos@iza.org](mailto:tatsiramos@iza.org))

*3 April* *Geneva, Switzerland*

**12th Conference of the Swiss Society for Financial Market Research**

Academics and practitioners are invited to submit papers on all topic areas of financial market research. Deadline for paper submission: **7 November 2008**

*Further information from:*  
<http://www.fmpm.org/conference>

*6-7 April* *Lausanne, Switzerland*

**ECOFI Statistics and Econometrics Symposium**

*Further information from:* <http://www.ecofi.ch/>

*20-22 April* *Guildford, Surrey*

**The Royal Economic Society 2009 Conference**

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

*Further information from:*  
<http://www.resconference.org.uk/> (and page 21).

*23-25 April* *Los Angeles, USA*

**Biennial conference of the European Union Studies Association.**

*Further information from:* [www.eustudies.org](http://www.eustudies.org) or David Mayes and Patrick Crowley at [d.mayes@auckland.ac.nz](mailto:d.mayes@auckland.ac.nz) and [pcrowley@cob.tamucc.edu](mailto:pcrowley@cob.tamucc.edu).

30 May - 1 June Dubai, United Arab Emirates

### Second global studies conference

The Global Studies Conference and Global Studies Journal are devoted to mapping and interpreting new trends and patterns in globalization - from many points of view, many locations in the world, and in a wide-angle kaleidoscopic fashion.

As well as an impressive line-up of international main speakers, the Conference will also include numerous paper, workshop and colloquium presentations by practitioners, teachers and researchers.

Further details from:

<http://www.GlobalStudiesConference.com/>

june

10-13 June Los Angeles, USA

### International Business & Economics Research Conference (IBER)

Sponsored by the *Journal of American Academy of Business*, Cambridge.

Deadline for paper submission: **5 February 2009**

Further information from: <http://www.jaabc.com/losangeles.html>

29 June - 1st July 09 Oxford

### New Directions in Welfare

St Catherine's College Oxford University

The conference seeks to understand new theories and methods in areas of economics related to human welfare (eg Sen's work on social choice and capabilities, happiness econometrics etc). There will be two tracks dealing with (a) social choice and related economic theory and (b) economics applied particularly in the areas of public economics, health, development, education, social policy, the environment and economic history.

Conference email: [oxcon09@gmail.com](mailto:oxcon09@gmail.com)

july

6- 8 July

Geneva, Switzerland

### Ecofi International Research Symposium

Deadline for paper submission: **10. November 2008**

Further information from: <http://www.ecofi.ch/>

8-10 July

Barcelona, Spain

**The 3rd World Conference of the Spatial Econometrics Association** will take place at the University of Barcelona to bring together economists, econometricians and regional scientists to discuss the present achievements and future challenges and opportunities.

Deadline for paper submission: **30 January 2009**

Further information from:

<http://www.ub.edu/sea2009.com/index.htm>

8 - 11 July

London

### Global Business & Finance Research Conference (GBFR)

Deadline for paper submission: **3 February 2009**

Further information from: <http://www.jaabc.com/london.html>

8-10 July

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