Not the Conference issue

It should have been, of course, but events conspired against. A glance at the conference programme — which was available on line — showed the extraordinary number and range of papers, not to mention the special sessions, that we missed. Mirko Draca, the Programme Chair, gives us a good summary and expresses our collective thanks to those who put in so much work to create a memorable event, only to see their efforts frustrated.

However, the cancellation has given us the opportunity to promote two of the papers here — on the effect of gender on publications and the decision to work or care. Sadly, space limitations restricted us to just two, notwithstanding the fact that this is a bumper issue of 32 pages and we have been able to use the space left by the absence of a conference listing.

Inevitably, several of our contributions focus on the Covid-19 pandemic. Sadly, this includes the passing of Peter Sinclair, a dedicated researcher and teacher and supporter of the Society and its activities. Other contributions range from Michael Burda’s Letter from Germany which looks at how the crisis has been handled in Germany, to advice to governments about opportunities in a post-Covid world. There is also an interesting article by Alvin Birdi and Caroline Elliott of the Economics Network that looks at how aspects of the ‘lockdown’ have affected the teaching of economics. This theme recurs in the pages of RES news where the impressive work of the Society in contributing to the policy debate and providing resources are briefly reported. Sadly, there was not room for more. Let us hope that there may be other issues to focus on by the time of our next Newsletter.

In the meantime, observe Michael Burda’s instruction and stay safe.
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, reports of conferences and meetings, and news of major research projects as well as comment on recent events.

Visit our website at:
www.res.org.uk/view/resNewsletter.html

The Newsletter is published quarterly in January, April, July and October

The Royal Economic Society is one of the oldest and most prestigious economic associations in the world. It is a learned society, founded in 1890 with the aim ‘to promote the study of economic science.’ Initially called the British Economic Association, it became the Royal Economic Society on receiving its Royal Charter in 1902. The current officers of the Executive Committee are listed above.

The Society’s bee logo
The Society’s logo, shown below, has been used from its earliest days. The story behind the use of the bee refers to the ‘Fable of the Bees’ by Bernard Mandeville, an 18th Century essayist which alludes to the benefits of decentralisation by looking at co-operation amongst bees and showing how the pursuit of self-interest can be beneficial to society.

The Society’s Newsletter

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

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

Next issue No. 191, October 2020 Deadline for submissions 16 September 2020

Editor
Prof Peter Howells, Bristol Business School, UWE Bristol, Coldharbour Lane, Bristol BS16 1QY Email: peter.howells@uwe.ac.uk mail@sarum-editorial.co.uk

RES Office
Chief Executive: Leighton Chipperfield Operations Manager: Marie-Luiza De Menezes RES Office, 2 Dean Trench Street, Westminster, London. SW1P 3HE Tel: 020 3137 6301 Email: resoffice@res.org.uk Website: www.res.org.uk

Tag: the royal economic society

Designed by Sarum Editorial Services: www.sarum-editorial.co.uk
Letter from Germany —

Health versus Wealth:
Dealing with Disease in Deutschland

Because of its comparatively low mortality rate, Germany is often cited as an example of how best to tackle the Covid-19 pandemic. In his latest letter, Michael Burda1 takes a close look at that experience.

Writing from a locked-down university (closed to students, open to faculty), I can report that my family and I are healthy. While we have friends and relatives who have fallen ill, they have all recovered. Covid-19 has changed my work forever, in particular the way I teach, possibly for the better; unfortunately it has also changed interpersonal relationships in ways not completely understood. I am sure this is a universal constant across the world. I simply can’t imagine how much more difficult it would be for my students if all lectures, seminars, office hours and other meetings had been cancelled, for months on end. Zoom has saved us and our profession in a very important way. We are among the lucky ones. I am less sure about universities as institutions.

Pandemics as political events

Because large-scale pandemics largely spared us for so many decades, it was difficult to anticipate how economic and political they necessarily can be. This has been especially true in Germany, where the liberal order (in the European sense) is continually under low-level siege.

Even though the health system works and was well-prepared, concerns about inequality of outcome are elevated, and for good reasons. Even if individuals faced similar risks in terms of loss of life or longevity, that loss is increasingly unequal in monetary value in ways that are unpleasant to discuss, even for economists. Capitalists have the most to lose if there are no workers to work in their factories or purchase their output. Workers can ‘only’ lose their lives. Wealthy individuals may have accumulated assets and purchasing power, but their ability to deploy those assets depends on the functioning of the remainder of the economy and its willingness to ‘cooperate’. It is striking that governments around the world were quick to define certain services and production as essential, in particular those that pay low wages. I am reminded of the landed gentry in mid-14th century England forcing farm labor to return to the fields despite the Black Death raging all around. In a modern setting, complementarity seems to extend to the functioning of state and, in the case of Germany, to the nations of the European Union. Ultimately, this might be why Germany will bail out Italy and Spain — because it must. And the pandemic could well have started in Munich rather than in Bergamo.

Germany did well...

Germans are evidently proud of their recent success in keeping the incidence of Covid-19 and the death rate low and ‘flattening the curve’. The mortality to date (mid-June 2020) attributable to the corona pandemic has been 106 per million inhabitants, compared with 353 in the US, 453 in France, 489 in Sweden and 622 in the UK (just for the record: Cuba, Australia, and New Zealand are much lower!). But the economic price of success has been high, with Germany now facing a recession of magnitude greater than the Great Recession. The government is predicting a GDP decline of 6.3 per cent averaged over the entire year (the Eurozone is looking at 7.5 per cent decline); private estimates range are ‘catastrophic’ and as high as 15 per cent. Unemployment remains low at the time of this writing (about 6.5 per cent) because more than seven million workers are on Kurzarbeit — the state-subsidized short-time work program at 2/3 of previous pay, eligible when more than 10 per cent of a firm’s staff has more than 10 per cent underutilization. Since Kurzarbeit is supposed to be ‘kurz’ (currently 12 months), a political decision will be due on an extension at public expense (when the social security fund for short-time work has dried up). Unemployment stands to skyrocket unless the economy recovers in the meantime. A small surplus in the government overall budget has evaporated, with new debt issuance reaching possibly 10 per cent of GDP this year.

...but why?

tact app only just introduced a few days ago? To me, acting early and decisively was crucial, as was the case with Greece, Iceland, and the Czech Republic. In her imitatively solemn fashion, Chancellor Merkel declared publicly that the corona virus was a serious problem, that 2/3 of the population might ultimately get it, and that thousands, possibly hundreds of thousands, could die. In doing this, she shocked the public into keeping distance, staying clear of public gatherings, etc., long before the official lockdown on March 22 that has since devastated large swathes of retail trade, hotel and restaurants, and personal service sectors. Images of Wuhan and northern Italy arrived early enough to galvanize politicians into a preemptive expansion of intensive care capacities, retooling production towards intensive care equipment, and outsourcing of personal protection gear. With Europe facing a 25 per cent decline in exports, it is to be expected that Germany will be particularly hard-hit; in April exports were already estimated to have declined by 30 per cent.

Old habits die hard

In spite of corona, the strength of German habits are remarkable. One of them is beer. Another is football. Due to the lockdown, the former has boomed; the latter has not. The resumption of the Bundesliga season on May 16 was largely unquestioned and attracted much international attention. The bizarre spectacle of ‘ghost games’ (Geisterspiele) in empty stadiums is testimony to how business interests can trump health and safety. Another possibly less familiar tradition to my UK friends is white asparagus, that white vegetable that requires highly labor-intensive cultivation and harvesting. Eating asparagus in May has the status of a sacred ritual in this country, and I myself partake of this delicacy 5-10 times each spring. In order to save the season, 80,000 workers were flown in from Poland, Romania and elsewhere, with the dispensation of the relevant governments, long before EU borders were officially reopened. Equally indomitable is the country’s taste for cheap meat. At the moment, a controversy is raging surrounding recent severe outbreaks of coronavirus at slaughterhouses that employ tens of thousands of Eastern Europeans and house them in embarrassingly cramped quarters (a great example of monopsony behavior for my students!).

Tourism is another perennial favorite — and 11,000 tourists are travelling to Mallorca and other Balearic islands in a ‘pilot project’ to see if they can behave according to the new hygienic standards. Lacking their British competitors, I am sure there will be sufficient deckchairs to relegate the proverbial battle of the oversized bath towels to the dustbin this year.

As always, the underlying discussion is health versus wealth. The dramatic decline in stock prices showed to what extent fear ruled expectations — yet after a concerted fiscal stimulus, stock prices have recovered somewhat. Yet in the end: cui bono? Whose jobs, whose wealth? The case of Lufthansa, the German flagship airline, is indicative. The collapse of global travel to 5 per cent of its pre-February levels, was a death knell to the company as it was organized. Survival was only possible after a EUR 9 billion cash-and-capital infusion, with the government taking a 20 per cent stake. Shortly afterwards, management announced across-the-board job cuts of 20 per cent. The natural question is: Who got bailed out? The shareholders? The workers? The airports? Germany has faced the same debate plaguing every other advanced economy, especially in light of the impending recession: Was all the economic devastation necessary? The German population was already so struck by the tragedy of Italy that by mid-March the ‘basis reproduction rate’ R in Germany (the number of new infections caused on average by a sick person) had fallen below 1, even before the lockdown was announced. As in Britain, world-renowned virologists and epidemiologists were excoriated in the tabloid press for their power over policymakers and without regard for economic consequences. The battle for airtime between science and economics is ubiquitous. Throughout is the implicit or sometimes explicit question: What is the value of a human life? Should this value depend on age? Should it depend on social status? What are the opportunity costs?

The EU and Brexit

I will close with a thought about the EU and Brexit. To my mind, the value of the European Union could never be so clear as now, although its incompetence in conveying that value has never been so evident. Pandemics are the most obvious example of Pigou’s externality, and cooperation among EU countries could have avoided the use of border closures to restrict mobility of the population — with enormous collateral economic damage to unaffected areas. A centralized, coordinated yet flexible reaction to disease outbreak would be more effective; the proper response should not be country-by-country localized measures to isolate the sick, test the infected, and trace past contacts. In a world with porous national borders, health policy must transcend them. This would be the function of a European Pandemic Authority. Still grasping for a positive analysis of European integration, I have yet to understand why nations of the Europe cannot recognize and acknowledge these advantages. And isn’t Brexit a particularly bad idea now?

Be safe, best regards from Berlin,

Michael Burda

Note:
1. Humboldt University, Berlin
WELL, RES 2020 WAS NOT TO BE. I’d like to thank everyone involved in the organisation of the 2020 conference. The preparations were made efficiently and collegially. And extraordinary grace under pressure was shown in the run up to the cancellation decision as astoundingly disruptive events like the FlyBe collapse unfolded. We’ve made arrangements to use as many organisational inputs as possible for the 2021 conference.

I’d like to highlight some of the sessions that we had planned because they represent important directions that research in economics is taking. Crucially, they are also areas where there is a lot for the profession to contribute to modern public policy. The 2020 programme was also designed to provide some room to think about the economics discipline in more fundamental terms.

Amelia Fletcher (UEA) organized a Plenary Session on ‘Big Tech: Regulation or Competition Law’ featuring Jacques Cremer (Toulouse), Rikke Riber Rasmussen (Google) and Mike Walker (Competition and Markets Authority). Concentration has emerged as a major concern in a range of multi-sided platform markets and companies in leading positions in these industries are also coming to dominate stock markets. There’s been a wave of research recently in industrial organization that has been studying these problems, often harnessing novel data and putting forward challenging policy conclusions. The aftermath of the November US election is a potential turning point in policy, especially on big anti-trust issues.

The 2020 programme also featured a major focus on climate change and environmental economics. It’s an unusual feature of the profession that environmental economics is not necessarily seen as a ‘mainstream’ field. Three Special Sessions were organized on: ‘Climate Change and Inequality’ (Organisers: Niall Farrell (Potsdam) and James Rising (LSE)); ‘Biodiversity’ (Partha Dasgupta (Cambridge)); and the ‘Economic Analysis of Energy and Climate Policy’ (David Newbery). The session on biodiversity was of special note for its link to the Independent Review on the Economics of Biodiversity, whose interim report was published in late April. The recommendation has been made to also have a focus on climate change and environmental economics in the 2021 Conference.

There was also a cluster of sessions on behavioral and experimental economics, including the topic of wellbeing. These include ‘Social Identity and Discrimination’ and ‘Motivated Reasoning’ (both organized by Deputy Chair Friederike Mengel), as well as ‘Extremes of Well-Being’ (Andrew Oswald). This area of the profession has had an especially high public profile in the last 10 years and personally I see work such as that put forward in the Motivated Reasoning session as a fundamental input for navigating the challenges to incentives and behaviour that seem to have been unleashed by social media.

Finally, I’d like to highlight two sessions that we had planned that were about the nature of economics — ‘What Should an Economist Know’ (organised by Wendy Carlin) and ‘Mainstreaming Heterodoxy’ (Michael Jacobs). If I may push a hobby-horse, I think the fundamental intellectual breadth of economics as a discipline has been forgotten a bit in the last 30 years (yes, I count at least 30 years based on my reading).

In principle, our discipline is one that has intellectual diversity and interdisciplinarity built into its DNA. A good economist has to have great quantitative skills and a capacity to get across other fields as diverse as history, psychology and computer science. Economics should be the great ‘connector’ discipline both within the social sciences and between in terms of relations with the hard sciences. We should be able to bridge what the novelist (and chemist) C.P Snow called the ‘Two Cultures’.

I think a big engine for doing this could be a more conscious appreciation of how much we are borrowing from other disciplines as students progress through the standard economics curriculum. Another mechanism could
also be a reinstatement of the history of economic thought into curricula. I was fortunate enough to be exposed to such knowledge early in my education and it’s been an indispensable compass. These two planned Special Sessions were meant to get that kind of debate going. The current Covid-19 crisis has of course seen a big shift in teaching modes towards virtual learning. This could an impetus for more general changes in what we teach. I also think that a hard look at this issue of what we teach could help facilitate social inclusion and diversity that has been such a big focus of professional debate in the last couple of years.

Thanks again to the RES 2020 organisational team. Barring another pandemic or other type of mega-crisis, at least this year will be marked by an exceptional note in the Society’s history. See you in 2021!

Note
1. Director of the Centre for Competitive Advantage in the Global Economy, University of Warwick.

Features

Beyond Covid

Beyond Covid (beyond-covid.org) is a new initiative that aims to help people navigate the debate about how to build a fairer and more resilient economy after the coronavirus crisis. It curates analysis and proposals from a wide range of sources and relates these materials to what’s happening in the news. At the moment, Beyond Covid offers two resources:

The Discussion Series - Register at bit.ly/3duZAfE
A webinar programme that brings together leading experts to explore key issues in the debates over how to recover and reform from the coronavirus crisis. The next discussion in the series is:

7th August, 0900-1000
How can economies prioritise our wellbeing?
with Benedikt Arnason (Economic Advisor, Iceland), Katherine Trebeck (WEAll) + Andrew Simms (Co-Director, New Weather Institute)

The Digest - Sign up at bit.ly/2XZSB85
A weekly summary of the big debates, distilling the latest arguments about how we recover from the crisis, and helping researchers find the people and places who are leading new thinking.

Beyond Covid (beyond-covid.org) is a project of the Economic Change Unit (econchange.org), a non-profit organisation that supports the efforts of those seeking to build more resilient, just and sustainable economies. Stay up to date with the Beyond Covid initiative on Twitter: twitter.com/beyondcovid_

The economics of the Covid-19 crisis and the recovery

- a cross-institutional initiative from the UK economics research community

At the beginning of June, the UK economics research community launched a new cross-institutional and UK-wide initiative:

— The Economics Observatory —

to answer questions from policy-makers and the public about the economics of the Covid-19 crisis and the recovery. The UK is at the start of what will probably be the deepest recession in living memory. The government faces the daunting task of navigating a route through uncharted territory. Sound and non-partisan advice is needed to inform decision-makers across all parts of society about the choices they face in dealing with the crisis and the recovery.

The initiative draws on the expertise of economists from a wide range of universities and research institutions. It will gather and evaluate the best possible data and evidence and use these as the basis for Q&A briefings on the ECO website:

https://coronavirusandtheeconomy.com/

ECO briefings will explain where there is consensus, where there is intelligent debate and disagreement, and where economists just don't have the answers (whether it is because of a lack of data or fundamental challenges of answering the question). The briefings are written for policy-makers, the media, the public, students and teachers who are interested in the economics of Covid-19 and the implications for households, organisations and public policy.

The website invites submissions of questions and also of evidence and welcomes volunteers willing to write the briefings.

At launch, the website featured 40 briefings. The list has since expanded to over 70, including:

• Making up lockdown losses to education
• Working from home
• How do we allocate tests?

The Editor-in-Chief is Romesh Vaitilingam who can be contacted via its website or at romesh@vaitilingam.com

The Economics Observatory is funded by the Economic and Social Research Council and the RES is one of many organisations contributing to its work. The full list can be seen on the website.
Undoing Gender with Institutions. Lessons from the German Division and Reunification

The coming together of East and West Germany in 1990 involved the combining of not just two economies but also two sets of cultural, social and political norms. In a paper in the Society’s Economic Journal, Claudia Senik, Quentin Lippmann and Alexandre Georgieff show how East German cultural and social norms relating to gender were changed by exposure to the dominant institutions of the West. This is a summary of their findings.

Introduction

Do gender norms rest on nature or culture? In a recent paper (Lippmann, Georgieff, and Senik, 2020), we show that gender norms are at least partly cultural and can be undone by institutions. We focus on the male breadwinner norm, which prescribes that a man should earn more than his wife. Several papers have shown that this norm acts as a strong impediment towards gender equality because of its impact on the division of home production and female labor market participation. Yet, little is known about its origin and the part played by public policy in constructing or deconstructing it.

Providing causal evidence on this question is empirically challenging as gender-equalizing institutions are much more likely to lay foundations in environments where mentalities are more gender friendly. To overcome this empirical hurdle, we focus on Germany and exploit the natural experiment constituted by the 41-year division of the country. In 1949, Germany was divided on the basis of the zones occupied by the Soviet Union and Western countries. During the 41-year division, two completely different sets of institutions faced each other. The East German institutions were aligned with those of the Soviet bloc and followed Stalin’s urge to ‘catch up and bypass the United States’. They embarked on an extensive growth model, which implied mobilizing all the available productive resources. Full-time employment became the norm and applied to men as well as women. Education and child care institutions were designed in order to ensure the compatibility between paid-work and maternity. The egalitarian ideology of these regimes also certainly played a role. As a result, the perspective of a life-long, full-time labor activity gave women incentives to invest more in education and paid-work. It is also likely that women’s financial resources modified the balance of power between spouses in Eastern households.

We argue that, with time, these features crystallized in a specific mix of gender norms and stereotypes: a culture which has partly undone the male breadwinner norm. We show that not only do East German women contribute a much higher share of household income, but they can also earn more than their husbands without having to increase their number of housework hours, put their marriage at risk (or withdraw from the labor market). By contrast, the norm of higher male income, and its consequences, are still prevalent in West Germany.

The Division of Germany as a Natural Experiment

The German episode of division (in 1949) and reunification (in 1990) is unique in its design. Before the division, we provide evidence that the differences between the Eastern and Western parts of Germany were not larger than the average regional differences that can be found between two random pairs of regions within Germany. Then, after 1949, starting from a similar situation, East and West Germany adopted totally different institutions, which had important consequences in terms of gender roles. In East Germany, where the constitution ensured full equality between men and women, public policy pursued three objectives: (1) legal equality between men and women, (2) promotion of female work, and (3) special protection of mothers and children. The party’s policy toward women progressed along three stages. The first phase, from 1946 until the mid-sixties, was shaped by the integration of women into the workforce, backed by work-family balance programs, kindergarten and other childcare facilities. The second phase, from the mid-sixties until 1971, comprised further education, qualified job training, and the introduction of women into male professions. After 1971, these measures were reinforced by an additional array of work-life balance measures. In West Germany in the meantime, the traditional family model was strengthened and encouraged by irregular school schedules, scarce childcare facilities, and the tax system. It is remarkable that, until 1977, the Marriage and Family law of the Federal Republic of Germany (FRG) stated that:

The wife is responsible for running the household. She has the right to be employed as far as this is compatible with her marriage and family duties.
As a result of these very different policies, the female labor market participation rates diverged radically after the division, although they started from approximately the same level. After reunification, the government of the former FRG took over East Germany and rapidly dissolved its institutions and structures, absorbing them into those of West Germany, which remained unchanged.

Yet, after reunification, persisting differences between the two regions are still observable in four domains: labor market participation, household behavior, education and values. In 2000, labor force participation was at around 80 per cent and still approximately the same for men and women in the regions of the former German Democratic Republic (GDR), whereas the gender gap remained wide in West Germany, with 65 per cent of women in the labor force against 81 per cent of men. In 2000, East German workers generally worked longer hours than West Germans, but the gender gap was smaller as concerns work hours: 35 hours for women and 42 hours for men in the former GDR against respectively 29 and 40 hours in the former FRG. Finally, as concerns part-time workers, who are mostly women, in West Germany, they most often worked less than 20 hours, and were not eligible for the same social benefits as full-time workers, whereas in East Germany, they had longer hours, received identical social benefits and used these contracts primarily as a transition to retirement.

Gender Identity and Relative Income within East and West German Households

One of the most striking consequences of the greater involvement of East German women in the labor market is the more gender equal distribution of earnings within couples. Figure 1 depicts the entire distribution of female relative income in dual-earner married couples, aged 18 to 65 years old. In the sample of West German couples, the mode is the point where the wife earns about 20 per cent of the total family earnings. By contrast, in the East German sample, the distribution is much more symmetric, with a mode around equal earnings.

Did the greater equality in the distribution of earnings abolish the so-called male breadwinner norm? Sociologists have coined the term doing gender to describe couples’ behavior aimed at preserving gender identity. The idea is that when women transgress the male breadwinner norm by earning more than their husband, they compensate this breach of identity by spending more time on traditional tasks such as housework. This ‘gender display’ behavior has been documented by several studies in the case of American and Australian couples. Could it be that socialist institutions have ‘undone gender’?

De facto, the male breadwinner norm is prevalent in West Germany but has disappeared in the East. Regarding housework, West German women decrease their number of housework hours as their relative earnings rise, until they reach the vicinity of equal earnings. Beyond that point, their number of housework hours stops decreasing. By contrast, there is no evidence of ‘doing gender’ in East Germany. East German women monotonically reduce the time they devote to housework as their relative contribution to household finances increases. Another sign of the male breadwinner norm can be found in marriage stability. Among West German couples, when a wife starts earning more than her husband, the risk of divorce in the next 5 years increases by about 3 percentage points. But nothing of the kind happens for East German couples. Finally, in order to abide by the male breadwinner model, some West German women withdraw from the labor market when their earning capacity is greater than that of their husband. We do not observe this behavior on behalf of Eastern women. Hence, it seems that in East Germany, the socialist episode has undone the male breadwinner norm and its consequences. By contrast, the norm of higher male income, and its consequences, are still prevalent in the Länder of the former FRG.

Beyond Relative Income: the Gender Gap in Mathematics in East and West Germany

Another traditionally important domain of gender asymmetry is education. Although women have almost universally caught up with boys in terms of years of education, they keep staying away from math and science (STEM) fields. This has important consequences, as math skills are associated with higher individual earnings. This educational behavior of women can be understood as the logic consequence of expecting a bleaker professional
future. It has also been attributed to a gender stereotype carrying the idea that boys are ‘naturally’ more skilled in math and science. De facto, several studies have shown that in countries where socio-economic gender inequality is higher, so is the size of the gender gap in math and science.4 The general gender gap in education has actually been shown to be smaller in former socialist countries as opposed to other OECD countries.5 Zooming again on Germany, we show, in a companion paper, that in East Germany, women’s educational attitudes differ from that of their western counterpart.6 The stereotype threat that keeps them away from STEM has been durably attenuated in Eastern Länder, in contrast with Western ones. This is illustrated by the scores obtained by German 15 years old pupils at the math exercises proposed by the OECD Program for International Student Assessment (PISA-E, 2003). In addition to tests, PISA also contains a student questionnaire. In general, the latter reveals that girls express a lower appetite for math, lower self-confidence, more stress and less pleasure in the practice of math. But again, in East Germany, the subjective gender gap in self-confidence in math is reduced by about one tenth to one third. Moreover, although girls generally express less competitive views in PISA’s questionnaire, Eastern girls are much more competition-minded than Western girls.

**Conclusion**

In conclusion, East German citizens seem to exhibit a certain ‘stubbornness’ (Eigensinn) in retaining the ‘German Democratic Republic standard biography’.7 The lesson of these studies is that gender norms can be durably changed by institutions. How long will this stubbornness last, and how general is it, are open questions for future research.

**Notes:**

1. Sorbonne University and l’Ecole d’économie de Paris (Senik); Aix Marseille School of Economics (Lippmann); l’Ecole d’économie de Paris (Georgieff).
2. West and Zimmerman (1987)
4. See for instance Guiso et al. 2008
5. Schnepf, 2007

**References:**


Economics and epidemiology

Gerald Lyons and Paul Ormerod1 show how economists could have contributed more to epidemiological analysis in the early stages of the pandemic.

The economics profession is now taking an active interest in analysing the effects of the Covid-19 pandemic. The RES itself, for example, has hosted a series of webinars on a range of topics connected to this. The profession, however, was strangely silent in the early weeks of the pandemic. Most economists stood aside and allowed epidemiologists to take centre stage in policy making circles.

This was a dereliction of duty. Economics has a great deal to say about key issues such as the predictions generated by epidemiological models and the possibility of a second wave of the virus.

The models of epidemiology have scientific value. But they are unlike everyday physics, where the parameters of the laws are fixed and known with certainty. In fact, anyone with experience of macroeconomic modelling will feel completely at home with the analytical framework of epidemic models. Different groups each have their own model. Importantly, assumptions have to be made about the values of key parameters, and views vary among different groups.

There is also a great deal of uncertainty around the data itself. How many people have been infected? What is the current value of the reproduction number? A crucial task in producing an economic forecast faces the same type of question: what is the current state of the economy?

Despite the inherent uncertainty around the predictions, for a time the pronouncements of the epidemiologists were treated as though they were of guaranteed accuracy. Economists should have been more active in educating policy makers and the public about this.

Much more fundamentally, economics is in essence a theory of how people behave, how they take decisions. The great insight of economics is that agents react to changes in incentives. Throughout the whole of recorded history, behaviour has changed when a pandemic arises. People shift location, try and prevent others from entering their city, practice social distancing.

The epidemiological models which have dominated the headlines do not incorporate endogenous behavioural change as a pandemic spreads. But how people are expected to behave forms a key part of any epidemiological projection. On 16 March, for example, the Imperial College team claimed that without lockdown there would be 510,000 deaths in the UK.2 This ludicrous prediction was undermined during the very next week, as traffic dropped away and people stopped visiting pubs and restaurants on a purely voluntary basis.

Economists should have been much more active in explaining that behaviour would not only change but would continue to be different once lockdown was lifted. The risks of a major second wave are, for instance, much less than the numerous predictions made by epidemiologists suggest.
Measuring macroeconomic asymmetries within monetary areas

What constitutes an optimal currency area has been a matter of debate for many years. Its practical importance has been emphasised by the difficulties of the eurozone and may yet be reinforced by new strains caused by the Covid-19 crisis. In this article, Juan Castañeda outlines proposals for an index of macroeconomic integration.

The question of the optimality of a common currency has been discussed for more than half a century. Is it the best monetary arrangement for a set of economies to surrender their national currencies and adopt a common one (often, the only one)? Or would they be better off keeping the additional policy ammunition a national monetary policy conveys, especially in times of crisis? Leaving the political aspects of this question aside, although they are important considerations, there is plenty of traditional and more modern Optimal Currency Union (OCU) literature which offers an economic rationale for the adoption of a single currency. However, there has not been an equivalent level of research on the practical side of this question. We frequently lack the specific metrics to assess what ‘optimality’ actually means and how to measure it. More research is needed in this particular aspect to make progress in assessing the effectiveness of an established (common) monetary area. The emphasis in existing literature has been on analysing multi-State monetary unions in order to assess how ready a country is to join an existing monetary union or how successful a new monetary union might be. More work is needed on studying the optimality of well-formed monetary unions under a single nation state.

Subject to important limitations, the calculation of a proxy for an index of the optimality of a currency would provide valuable information for policymakers: it would inform about the degree of macroeconomic asymmetry within the monetary area, therefore offering a metric to assess its performance and thus recommend policy or institutional changes if such were needed. This information becomes even more relevant in the aftermath of a severe crisis. This is when the different economies sharing the same currency would likely become more divergent in several aspects; such as the state of their public finances, the severity of the crisis and its impact on spending and employment, the availability of credit or the impact upon prices and wages, among others. The index would not be able to offer an explanation of the underlying reasons why these asymmetries may have increased, but it would signal how overall convergence has or has not evolved in the area, as well as the specific indicators that have contributed in one or another direction.

The rationale is quite clear. A monetary union made of more homogeneous economies, whether they are determined by national boundaries across countries or regions within the same country, will make it much easier for the monetary policy makers to set the monetary conditions that will fit them all. This is precisely one of the implications of the seminal work by Robert Mundell in this field back in 1961. In a paper co-authored with my colleague Pedro Schwartz, we attempt to calculate an overall index of the macroeconomic integration in the Eurozone and the USA dollar monetary areas, as well as several sub-indices, in order to assess their performance since 1999. We measure the degree of macroeconomic integration (or, to put it differently, the size of internal asymmetries) by calculating the dispersion in the following chapters and indicators across the Member States in the Eurozone and the fifty continental States in the USA (plus Hawaii and Washington DC): (1) the business cycle (dispersion of the annual real growth of GDP, real GDP per capita and the unemployment rate), (2) public finance (dispersion in the ratio of the public debt and of the deficit on the GDP), (3) competitiveness (dispersion in CPI inflation, labour costs and real exchange rates) and (4) monetary dispersion (as measured by the rate of growth of broad money, the ratio of credit to the private sector, the trade balance on the GDP and Target2 balances/Fedwire for the USA).

In well-established monetary unions, such as those in the UK or the USA, the single currency is part of the political and economic institutional settings of the country, which rarely deserves any attention or is even questioned. Of course, research is devoted to the study of regional asymmetries within these countries and how to achieve a more balanced economic growth model across regions; but this research and its policy implications take the common currency as a given institution within the economy and rather focus on designing economic policies (i.e. industrial policies) to achieve a more balanced economy. If there are significant macroeconomic asymmetries, the economy has built-in mechanisms (the so-called fiscal automatic stabilisers such as employment benefits or income related taxes) to stabilise the level of income and spending in the regions in crisis; and, even
more, the government has the ability to use the central budget to implement discretionary policies to assist those regions.

Increased macroeconomic asymmetry within a monetary union can have severe real effects on the economy over the medium to the long term. The calculation of an index of macroeconomic dispersion will be a step forward for single-country and multi-country monetary areas: it will inform policymakers about divergent or convergent trends in markets across the monetary area and the effectiveness and the functionality of monetary policy in addressing them. However, this exercise comes with some important caveats and limitations. History and politics matter in both the formation of a monetary union and its survival. Whereas the US dollar has been the currency of a single (though federal) state for more than 150 years, the euro is quite a recent currency adopted by different (politically sovereign) nation states, with their own history, political traditions and economic record. We need to acknowledge these differences in interpreting the results of our indices in these two very different types of monetary unions. At a more practical level, even though the methodology applied in Castañeda and Schwartz (2020) to measure internal asymmetries in the USA and the Eurozone is the same, the indicators available differ to some extent.5

What the dispersion indices tell: Euro and US dollar, 1999 - 2018

At the time of the launch of the Euro, the expectation among the advocates of the single currency was that it would help to foster macroeconomic convergence across member states. The Euro was a tool to complete the common market and thus further economic integration in the European Union (see the Delors Report, 1989). Even among its supporters, however, there was a consensus among both policymakers and academics that the Eurozone was not an optimal monetary area back in 1999. Therefore, we should not take the levels of asymmetry of 1999 or the early 2000s as desirable, but just as the starting condition from which to improve the performance of the Eurozone as a single monetary area.

According to our calculations, and in line with the literature, from 1999 to the outbreak of the Global Financial Crisis, some convergence certainly took place as regards the business cycle. As showed in Figure 1 below, business cycle dispersion halved in only seven years. However, the other chapters depict a deterioration of macroeconomic performance even before 2007: public finance and monetary dispersion indices increased moderately, while dispersion in competitiveness across member states escalated right from the very establishment of the Eurozone. In the aftermath of the Euro crisis, new fiscal and macroeconomic instruments were adopted to identify imbalances within the area.6 These new instruments, along with the application of internal devaluation policies by the economies most affected by the crisis, seem to have been effective in reducing fiscal dispersion since the peak of the crisis in 2010 (see Figure 1 below).

But how about monetary dispersion within a monetary area? In most advanced economies, central banks do not pay much attention to changes in broad money growth in the design of their policies, let alone regional changes. The European Central Bank (ECB) is, to some extent, an exception to the rule. Even though it very much downplayed the role of the so-called monetary pillar in its policy strategy back in 2003, it still uses broad money growth as a medium-term indicator of inflation and in its reports and communications to the public. Since 2006, dispersion in monetary indicators in the Eurozone (with broad money growth being one of them) started to increase and escalated to record levels in 2012. Moreover, the trend towards greater and greater monetary asymmetry has continued since 2015. Both before and after the Global Financial Crisis and the Euro crisis we can identify higher dispersion rates in money growth and in the rate of growth of credit among some Eurozone member states. The so-called peripheral economies registered much greater rates of growth of money than the Euro-19 average before 2007 and much sharper falls afterwards. Another important contributing factor is the adoption of asset purchase programmes by the ECB (so-called Quantitative Easing), and how they were implemented,7 particularly since 2015. As we will see below (Figure 2), these programmes did stabilise money growth across the area and helped to stabilise the macroeconomic performance of the Eurozone, but at the cost of exacerbating Target2 imbalances among members states. Once we calculate the average of the results of the four sub-indices in Figure 1, we can see the overall index of dispersion in the Eurozone, as shown in Figure 2 below.

Once we exclude the effects of Target2 imbalances, the trend in the correction of overall dispersion since 2016 is positive, although, eight years after the crisis, the level of...
The comparison with the performance of the US dollar in the same time period is quite informative. In the pre-crisis period the trend of macroeconomic asymmetries in both monetary areas is similar. The difference, however, is mainly in the effects of the Global Financial Crisis on macroeconomic dispersion. Even if we exclude the effects of QE on Target2 imbalances in the index of dispersion in the Eurozone, the increase in dispersion is much sharper than in the US.8

As mentioned above, these metrics should be taken with caution, especially the comparison of the performance of the Euro with the US dollar. However, the indices provide valuable information about the direction of the level of macroeconomic dispersion in each monetary area, as well as the impact of the Global Financial Crisis and how long it took for each area to return to pre-crisis levels. Once we have more information on the impact of the current Covid-19 crisis, we should be able to assess its impact in both economies’ internal asymmetries and compare it with the Global financial Crisis. However, it is for policymakers to interpret the data and make the changes needed to improve the performance of the currency. The book edited by Castañeda, Roselli and Wood (2020) comprises a collection of papers to improve the functioning of the Eurozone from quite different perspectives.

Notes:
1. Institute of International Monetary Research University of Buckingham. This article is a summary version of Castañeda and Schwarz (2020).
4. The measure of dispersion used is the standard deviation of the above indicators per year.
5. For example, as the US Federal Reserve does not report on broad money per state we have used deposits. Further details on sources and indicators in Castañeda and Schwarz (2020).
7. See Cecchetti and Schoenholtz (2018) for further details.
8. We have calculated the same indices for the UK sterling and the preliminary results show a better performance than that in the Eurozone and the US dollar; the indices show that internal macroeconomic asymmetries within the UK have fallen quite significantly and even returned to pre-crisis levels (see further details at https://mvept.org/comparison-with-the-uk-monetary-area/).
9. In order to make the comparison easier to interpret, we have adopted 1999 as the base year for the level of macroeconomic asymmetries both in the Eurozone and in the USA. Of course, this does not imply that they started in the same position in 1999.

References:
Beyond GDP under Covid-19: some advice for governments

What sort of ‘normality’ might we expect when the Covid crisis has passed? Here Paul Anand1 explores the ‘wellbeing’ agenda and its relevance to a post-Covid world.

For a long time, academic economists have emphasised the limits of GDP, particularly as a measure of human wellbeing, environmental sustainability and now increasingly the digital economy. As a result, the OECD and UN have developed alternative measures, namely the Better Life Index and the Human Development Index which complement traditional national income monitoring by providing dashboards of indicators that track human wellbeing directly. These multi-dimensional indicators are particularly valuable at this time because policy makers and societies more broadly wish to protect utility and human development directly, need to understand what the losses and gains to human wellbeing are and who is likely to bear the brunt, and must make decisions ahead of national income data becoming available. There are two frameworks for doing this in economics, one developed by Sen and others and now the basis for the sustainable goals and the other focussing on understanding subjective wellbeing variables.

These approaches have different philosophical underpinnings but in policy settings actually share common interests and can be used produce complementary and reinforcing results by helping to understand key drivers of wellbeing. Some of the stylised facts or insights that emerge from this work include the following. Income is an input to wellbeing not a final outcome. There are often correlations with wellbeing but sometimes relations are non-linear and for some activities or dimensions of wellbeing relations are weak or negative. Secondly individuals are heterogenous in their abilities to make use of income. A classic example concerns the case of disability where it has been estimated that a person may need between 25 per cent to 40 per cent additional income on average to give them the same level of satisfaction with income as a person without a disability.

Thirdly, social resources do matter and in various ways. This can be monitored by looking at the social ties a person enjoys (individual social capital) or the collective aspects of social capital such as the levels of trust that exist within society. Both can impact subjective aspects of utility directly and by impacting the costs of financial transactions. Fourthly, there is growing concern both within and outside economics in the rise of inequality in society. Angus Deaton has helped the Institute for Fiscal Studies2 and the EU plans to monitor the multiple dimensions of inequality from next year. Lastly, there is particularly in the World Bank a recognition of the need for community and public deliberation about social priorities — what we refer to as the social welfare function. As a result, most international economic organisations have had the addressing of inequalities related to gender, race, income and health on their agenda for some time and use the term ‘inclusive growth’ to reference it.

Against this academic and policy background, some governments also have adopted aspects of the wellbeing agenda into their work (UK, France, Australia, New Zealand, Bhutan being notable examples) and it is natural that such governments should ask what the implications are for their economic recovery planning. The Scottish Government has created an advisory group to help it come up with such a plan and sent invitations to consider what policies might be pursued and a group of us (Anand et al (2020) responded to this invitation with a series of recommendations which are discussed and summarised below.

The labour market

One set of priorities derives from the evidence that in recessions, first time labour market entrants suffer long term negative consequences in terms of spells of unemployment and worse health over the life course. Furthermore, when unemployment levels are high, employment rates take a long time to recover and active labour market policies appear less effective according to some studies. As a result, large numbers might expect to be a risk of scarring or become discouraged — that is wanting work but not actively looking for it. Looking to address underlying shortages in the workforce is one way to go — for example by addressing shortages in STEM subjects or of digital skills through training. At the other end of the age scale, it is likely that some workers will be forced to exit the labour market earlier than planned and there may be issues of isolation as well as lower pensions that such workers face.

Here there may be value in considering non-conventional policies, perhaps working with charities, to help such workers find ways to continue using their skills and form other social networks to replace those related to work that may be lost. Job sharing is possible in many jobs though not widespread — at least for a period of time governments might encourage and/or incentive this as a way of keeping employees with low opportunity costs connected to work. There is also a growing recognition of mental health issues as a source both of poor wellbeing and low productivity and from this perspective stay at home orders have served to exacerbate the rise of mental health problems that may emerge both in the near and distant futures.
Some companies are already offering training for managers in this area which demonstrates a belief in value though it is plausible that positive spillovers to home life are not taken into account. In that case there could be an argument for further government support based on the positive externalities of mental health training.

Gender equity
If workers and their employers are to be supported, then it may be that governments would wish to tie support to contributions to other closely relevant social priorities. Many countries espouse gender equality in the workplace but find that progress in practice, particularly in the more senior roles is slow. It would not be unreasonable, as a result, to ask companies to make more progress on gender equity, say, as a condition of receiving further public funds. Beyond this, there is a spectre of large scale homelessness when unemployment rises dramatically. The normal formulation of rental agreements which assumes fixed payments, may in current circumstances be less optimal than a general provision which allows for rents to be adjusted down temporarily for those on low income.

Supply chains and globalisation
A second set of issues concerns the economic environment in which people live. It is likely that value chains for some goods may shorten and that countries will seek to be more self-sufficient with respect to some strategic goods and services. In the UK, agricultural policy effectively promoted production for some decades for such reasons and similar questions are now being asked particularly with respect to the health and digital sectors. Should, for example, countries depend on IT infrastructures or core emergency medical supplies supplied substantially by companies located outside their boarders? If the answer is negative, then there are implications both for business support and labour markets.

In addition, some have argued for a new Marshall style plan for Europe and one major priority here concerns the shift to low carbon economies. Accelerating the shift could be a way to justify an expansion of major projects and provide some additional employment. In some cases, such as the production of energy-efficient social housing, policies may address environmental and (fuel) poverty goals at the same time. There are also important issues of taxation which serve to finance the provision of public and publicly provided goods and services. From that perspective there is an argument that taxes should be remitted to the relevant jurisdictions in which consumers and employees live though increasingly for the large digital corporations this is not happening. There is currently an OECD project looking into this but the growth of digital business during the lockdown provides additional impetus for resolving this particular disconnect.

The role of ‘experts’
We also made some observations about the decision-making process. Some economists, for example and those in the World Bank, advocate community and public deliberation as a way of identifying economic and social priorities. The experience of Covid 19 has raised the level of direct and immediate interaction between politicians and citizens and this could in the long-term help identify more accurately the social welfare function. That said, there are also some important insights from behaviour economics that should not be ignored. It is possible to point to several candidate examples of anchoring and adjustment — the tendency to anchor on a position and underestimate the need for change. Did the UK lockdown too late and not hard enough when it did for example?

There are also questions about the choice of relevant expertise for advisory committees. Would a broad based approach including economics and other disciplines beyond public health help to minimise the inevitable problems of blind spots? Other approaches used in science may also be of interest to economists in future. For example a group at Cambridge University recently employed environmental scanning to identify some 275 ways in which transmission of Covid 19 might be disrupted. At the time of writing, debate about fiscal policy seems to be recognising a need to develop policies that address directly a range of human needs associated with employment, health, education and housing. In doing so, it contributes to the ‘Beyond GDP’ agenda which highlights the need to focus on the ultimate human outcomes, from inequality to wellbeing, that arise from, and drive, economic activity.

Note:
1. The author is a professor at The Open University and research associate at London School of Economics.
2. See Newsletter no. 187, October 2019, p.10

Reference:

Economics and epidemiology
Finally, just for the record, this is not written with the benefit of hindsight. The current authors applied the insights of economics in a series of papers and newspaper articles from early April onwards, which do seem to have been taken seriously by policy makers.

Notes:
1. Dr Gerard Lyons is Chief Economic Strategist at Netwealth. Paul Ormerod is a Visiting Professor in the Computer Science department at UCL
3. See, for example, http://www.algorithmiceconomics.com/macro-analysis/
The New Normal in Economics Teaching and Learning

Alvin Birdi and Caroline Elliott of the Economics Network look at the impact that the pandemic has had on the teaching of economics and, looking ahead, what the innovations may mean for a ‘new normal’.

It is tempting, in the time of Covid-19, to claim that higher education is being irreversibly changed. But how profound are the rapid changes we are witnessing and what do they mean for the ‘new normal’ in economics teaching?

In the Economics Network we are used to encouraging new ideas and methods in economics instruction. But the dominant paradigm of active and research-based learning, in which new material is carefully ‘scaffolded’ onto what students have already learned, is hardly a revelation and its hold on educational delivery has been largely unshaken for decades. What has certainly changed considerably over the past few decades is the technological landscape within which economics is taught, and the nature of the content that is routinely covered within economics programmes.

Much of the Network’s training over the past 20 years has centred around these changes in the content of programmes and in the use of technologies to support active learning. An example is the use of classroom games and experiments to take advantage of the increasing amount of economics content that is drawn from theories of strategic behaviour and the asymmetry and scarcity of information. Other examples involve in-class polling and interaction technologies, the use of audio and video in teaching and assessment, lecture capture and, more recently, the use of ‘flipping’ as a new mode of structuring and sequencing teaching.

Many of these methods had already become embedded within many departments of economics before the onset of the current pandemic. The use of lecture capture recordings and online polling were commonplace. Lecturers were used to thinking more carefully about the resources they upload onto virtual learning environments with some staff even creating their own materials and short films, sometimes in the context of flipped classroom learning. The use of video-based student projects, data-based research projects and use of in-class or internet-based games and experiments was steadily increasing and there were many resources already available to support these developments (see for example: https://www.economicsnetwork.ac.uk/themes/games).

Nevertheless, these technologies and pedagogies were in most cases in support of a core face to face model of teaching, centred around lectures and classes. At the start of 2020 relatively few UK academic economists will have foreseen the rate with which they would be called upon to deliver a purely online education which, regardless of their prowess in developing and using technology based resources, was never a direction of travel most universities had envisaged.

As the UK went into lockdown in late March some university departments were able to take as a sign of relief because the term’s teaching had already finished. Other departments almost overnight were obliged to move to purely online teaching delivery until the end of their terms. Three months later, and since the early announcements from the Universities of Manchester and Cambridge that all lectures would be delivered virtually in the forthcoming academic year, we are now expecting the majority of teaching and assessment to take place online in the autumn. We assess the nature and meaning of some of these developments below.

Teaching: Lectures

There has been much debate in recent years of the pros and cons of the use of lecture capture, its benefits as a revision aid, the additional support it offers to international students and students with additional learning needs and the impacts on incentives to attend class. In most cases, lecture recordings are a simple transferral of a ‘live lecture’ into video format. As such, these recordings replicate not just the substantive content but also the stutters and hesitations as well as the deliberate repetition lecturers use to emphasise the importance and significance of certain material. They are, in a real sense, secondary to the live session and were never intended to supplant it. Indeed, when student attendance started falling in many universities as a result of lecture capture, this was typically seen as an educational problem. Many universities state explicitly that lecture capture is for revision and clarification purposes and is not a substitute for the live session.

We are aware of some universities that have now taken the reverse stand as a response to Covid-19, in which previously recorded material (e.g. from previous years) is made available to students. We do not see this as a sustainable response to the pandemic because students will question the value of paying for material that was not expressly produced for their cohorts.

We have also seen two other responses to the loss of the live physical lecture. First is the use of lecture capture technology, or similar recording technologies, to produce deliberative primary video material for current students which is not derived from a live situation. In this case, the material has typically become shorter or, to use currently
It is also because lecturers are finding that the recording medium, when treated as primary rather than secondary to a live situation, permits a faster delivery where repetition is unnecessary. Students can, after all, stop and rewind recordings and some lecturers are quickly developing the skills of editing out hesitations and passages where mistakes might be made. We conjecture that for the first time, many lecturers are routinely watching over the recorded material they are producing for students because the material is deliberately produced rather than the resulting by-product of a lecture.

The second response has been the general move to delivering lectures over technologies like Zoom, Collaborate or Microsoft Teams. The benefits of such online lectures is that students continue to enjoy a synchronous experience with staff and other students, albeit in online space. Most of these technologies also allow interaction either through chat or by students using the ‘raise hand’ function to make an audio intervention. Some tools even have polling and other interaction tools like breakout rooms available within them. Many economics staff have quickly become expert in the delivery of the live synchronous lecture.

At the time of writing, we cannot say for certain which of these approaches to the lecture will dominate. As more staff begin to see the benefits of using lecture recording technologies to develop primary asynchronous material, the long debate over the place of the lecture in economics teaching may take a decisive turn. This is because the deep tension between the fundamentally asynchronous nature of recording technologies and the synchronous demands of the live session may become more apparent than ever. A similar case is that of theatre, in which the opportunity costs of attendance (as opposed to viewing a recording) must be outweighed by the singular quality of the live experience. We predict that the flipping model of teaching, in which synchronous experiences in education are reserved for those cases where recordings are either not possible or cannot provide a suitable substitute for the live experience, may become more mainstream in economics teaching.

Flipping as a Mode of Education

Many lecturers are sceptical that flipping constitutes a new approach. The general idea that students should engage with material before the lecture has been a standard expectation of teaching as long as most of us can remember. However, our discussions with lecturers in Economics Network events have led us to believe there may be a kind of time inconsistency problem created by some lecturers who routinely invalidate preparatory work by covering material in lectures even if students have not prepared in advance. We understand the pressures that contribute to this, namely, the need to ensure that students are prepared for assessments by attending and mastering the substantive material of a module which is represented by the course of lectures. In such a setting, many students who are incentivised solely by performing well in assessments may feel that preparation in advance of lectures adds little tangible improvement to their final marks.

The difference permitted through modern methods of flipping is that new technologies have resulted in more accessible and engaging forms of pre-engagement, more creative ways of checking that students have actually engaged, and thereby a better and more transparent complementarity between the resources provided to students in advance and the live class. We are hopeful that one outcome of the rush to online teaching may be a more carefully considered use of recording technologies to ensure that material provided in advance of synchronous meetings between staff and students is complementary to, and supportive of, the live experience.

Consequently, there may be grounds for us to look forward to the synchronous, live, online classes that we will teach in the autumn. In the best case scenario, students are likely to have better background knowledge and be better prepared. As such there should be more scope for interaction and stimulating discussion. However, the difficulty for the lecturer is that in the live sessions they will have to juggle the demands of presenting live, reminding students when to mute/unmute and turn off video, keeping an eye on questions and comments that come in via the chat facility, dealing with any technological hicups that may arise, and typically while not being able to see students’ reactions to the content being delivered.

We are convinced that the new models of teaching will require a more collective approach to teaching because of these demands of synchronous online teaching. We can see the value of using graduate teaching assistants to support online synchronous sessions to keep track of chats for example, or to monitor and respond to asynchronous interaction, for example, in discussion boards such as Piazza in which we are observing increased interest. It is difficult to predict the pressures on departmental finances in the coming period, but the need for teaching assistants seems to us to be irreducible for providing a high quality teaching experience. It should be remembered that these opportunities also provide great training opportunities for the teaching assistants themselves.

Teaching: Small Group Classes

It is as yet unclear for many universities whether small group classes will be face-to-face, online or some combination of the two in the coming year. At least at the start of the academic year there are likely to be some students who are studying virtually, and in very different time
zones, making the scheduling of small group sessions more difficult. If classes do take place on campus larger rooms than usual are likely to be required because of social distancing guidelines, and it may be that rooms will need to be cleaned after each class.

In economics, small group classes are often where problem sets and interactive activities take place. We are observing universities taking different responses to these kinds of sessions. In some universities, there will be a strong reliance on asynchronous materials of high quality, produced in such a way that students can work together on the materials in their own time with help provided by tutors and peers. Such resources will need to be particularly clear so that students can progress through them with minimal support. In other places these sessions will be synchronous live sessions where the practice of screen-sharing may become commonplace so that students can share working and make presentations. It is easy to imagine that students will be comfortable with these technologies and the ways of interacting within them but this is not a given. Together with potential connection problems and internet issues, once again, the preparation of high quality asynchronous materials, which are less affected by such issues, may be a fitting response to the current situation.

The New Economics Lecturer
Economics lecturers are likely to increase their skills considerably in a number of domains by the new term this autumn. We expect them to become consummate producers of online materials such as videos. We expect they will easily master the synchronous forms of online delivery through various tools such as Zoom, Collaborate and Teams. We expect they will engage in team teaching and become well-versed in the principles of learning design and the presentation and sequencing of material online.

But economics, like some STEM subjects, has particular needs in terms of the display of mathematical notation and graphs, both of which are not naturally suited to online environments. We have seen creative approaches to this problem such as the use of ‘Hue’ cameras as makeshift visualisers, electronic whiteboards such as Explain Everything and the use of graphics tablets such as those produced by Wacom. Many staff are equipping themselves with higher quality camera and audio equipment for live presentation and production of resources. Departments of economics will no doubt face demands to support staff with these production tools and equipment. The Economics Network has curated a website where we have collected advice on various technologies, methods and tools that the new economics lecturer will no doubt need: https://www.economicsnetwork.ac.uk/themes/distance.

Assessment
The lockdown began on March 23rd just as most universities were getting ready for the run up to the summer assessment period. Assessments always need to be planned and approved in advance, so there was limited scope to rethink significantly the nature of final economics assessments to be completed in summer 2020. Most economics departments changed their examinations to coursework-type assessments and some used 24 hour examinations where students would be expected to spend around 3 hours to complete an exam over the 24-hour period.

But remaining uncertainty for 20/21 suggests that there is low likelihood of a return to seating large numbers of students in exam rooms. Assessment may, like teaching delivery, become significantly affected by the pandemic. In a recent Economics Network symposium on online engagement, many lecturers were worried about the impacts on collusion and cheating in the new distanced assessment environment. But the evidence we have seen suggests that assessments in the online environment have become ‘open book’, allowing students to consult books and other resources. The questions themselves have become more problem and research-based. And we have seen few reports about cheating. To take a single example, students’ assessment submissions were routinely put through Turnitin in the Economics Department at Nottingham Trent this summer, and instances of cheating were found to be extremely rare.

Nevertheless, we should now consider whether it is time to rely less on final exams, only partly because of the practical difficulties associated with arranging exams in the 20/21 academic year. We should think about developing rigorous assessments in which students develop skills that will be valued by future employers. Students can be asked to write analyses/reports where students are assigned or choose to focus on different firms, industries, local or national economies. Similarly, students can be asked to complete quantitative assessments where they create, find or are assigned different data sets. Any collusion between students would be limited to how they are going to approach an assessment, materials and codes to use. It is debatable whether such collusion is problematic. The analysis and interpretation of results would have to be unique to each student or group of students in the case of group work. Thought can also be given as to whether work should be presented in the form of a report, for example to a CEO, CFO or Government Minister, a journal article, dissertation, a slide or film presentation etc.

Conclusions
From our vantage point of promoting active and technology-enhanced teaching in economics over a number of years, we see current moves towards carefully produced multimedia resources, flipping and authentic research-based assessments as an acceleration of a direction of travel that was set by technological improvements such as lecture capture years ago. We conjecture that the new normal in economics teaching will not be so much of an unexpected revolution in education as a case of the future coming sooner than we thought.
Gender and quality at top economics journals

In a new study, accepted for presentation at the RES Annual Conference) on gender and equality in economics, Erin Hengel and Eunyoung Moon show that articles written by male economists are cited less than articles published by women in the same journals. The authors also find that men’s citations rise when they co-author with women, and that women’s citations fall while they co-author with men, conditional on acceptance.

Women are under-represented in top economics journals. Although they make up 20-30 percent of academic economists, women are only 11 percent of all authors published in top-five journals since 1990, 12 percent since 2000 and 14 percent since 2010 (see Lundberg and Stearns (2019) and Figure 1). Over that same period, there has been very little growth in the number of exclusively female-authored papers; almost no growth in the number of majority female-authored papers; and no meaningful change in the number of mixed-gendered papers with a senior female author. The only tepid growth that has occurred, is largely — if not entirely — due to an increase in the number of published articles by senior men co-authoring with a minority of junior women.

Several recent papers have investigated why. Hengel (2019) found female-authored papers in top-four economics journals are held to higher writing standards in academic peer review. As a result, their manuscripts are

---

Figure 1: Gender composition of authors and papers published in top-five journals

(A) Total no. authors

(B) No. single- and mixed-gendered papers

(C) Total no. authors on mixed-sex papers

(D) No. mixed-gendered papers

Note: Graph (A) displays the stacked total number of female (grey) and male (black) authors published in a top-five journal between 1986-2015. Graph (B) is the stacked total number of exclusively female-authored (light grey), mixed-gendered (dark grey) and exclusively male-authored (black) papers. Graph (C) plots the number of male (black) and female (grey) authors with a mixed-sex paper published each year. Graph (D) shows the total number of mixed-sex papers with a strict majority of male co-authors (solid black line), strict majority of female co-authors (solid grey line), senior male co-author (dashed black line) and senior female author (dashed grey line). (Data from Hengel and Moon 2020.)

www.res.org.uk/view/resNewsletter.html
subject to greater scrutiny, spend longer under review and women, in turn, respond by conforming to those standards. Using submissions data from a set of four semi-overlapping journals, Card et al. (2020) found that female-authored papers are higher quality conditional on referee recommendations.

In a new study, we join this research by investigating gender differences in quality conditional on acceptance by a top-five journal. We find that (i) articles authored by men are cited less than articles by women published in the same journals; (ii) men’s citations rise when they co-author with women; and (iii) women’s citations fall while they co-author with men. Under strong — but we believe reasonable — assumptions, these results imply top economics journals hold female-authored papers to higher standards, and, consequently, do not publish the highest quality research. They also suggest that authors of both sexes will be less willing to collaborate with women, all else equal.

The female advantage in citations

Results from our principle analysis are displayed in Figure 2. The grey markers in the upper panel represent the average female advantage in citations, conditional on controls. Column (1) adjusts for year of publication, journal, co-author count, and authors’ experience at the time an article was written—all factors found in previous research to influence citations, conditional on quality. Column (2) adds a control for author reputation at the time citations were collected; it accounts for the impact a stronger reputation later on can have on citations of an author’s earlier work, all else equal. Columns (3)-(5) restrict the data to articles published after 1990. Columns (4) and (5) control for sub-field. Columns (6)-(7) are estimated on the sample of articles published after 2000 and control for journal and year, only.

Note. Figures correspond to coefficients from a regression of citation counts (asinh) on the ratio of female authors (first panel), controlling for various factors. (See Hengel and Moon 2020 and surrounding text for further details on estimation.)

In a new study, we join this research by investigating gender differences in quality conditional on acceptance by a top-five journal. We find that (i) articles authored by men are cited less than articles by women published in the same journals; (ii) men’s citations rise when they co-author with women; and (iii) women’s citations fall while they co-author with men. Under strong — but we believe reasonable — assumptions, these results imply top economics journals hold female-authored papers to higher standards, and, consequently, do not publish the highest quality research. They also suggest that authors of both sexes will be less willing to collaborate with women, all else equal.

Note. Figures correspond to coefficients from a regression of citation counts (asinh) on the ratio of female authors (first panel), controlling for various factors. (See Hengel and Moon 2020 and surrounding text for further details on estimation.)

Note. Graphs display the histogram of transformed citations (left-hand graph) and raw citation counts (right-hand graph) for solo-authored papers, only. Citations have been residualised with respect to the following controls: number of co-authors, author experience, author reputation and year-journal fixed effects. (See Hengel and Moon 2020 and surrounding text for further details on estimation.)
Every model in Figure 2 suggests female-authored papers are cited more than male-authored papers. Figure 3 reinforces this conclusion. It plots the distribution of citations for solo-authored papers; consistent with results in Figure 2, women’s citations are, on average, higher than men’s citations.

Everyone’s citations rise when they collaborate with women, conditional on acceptance to a top-ranked journal (Figure 4, upper panel). Men’s citations increase 10-12 log points when they co-author with an equal share of women (triangle). Women’s citations fall -12 to -19 log points when they co-author with an equal share of men (square).

Note. Figures correspond to coefficients from author-level fixed effects regressions. Results with a triangle and square marker were estimated using the sample of male and female authors, respectively. Vertical lines represent 95 percent confidence intervals. (Please see Hengel and Moon 2020 and surrounding text for further details on estimation.)

Male and female comparisons are relative to papers they either solo author or co-author entirely with other men and women, respectively.

Estimates in Figure 4 are potentially biased by contributions from unobserved co-authors. For example, suppose, hypothetically, that Anna Schwartz, Milton Friedman and Kenneth Arrow collaborated on one paper while Arrow collaborated with Gérard Debreu on another. If Friedman’s contribution means Arrow’s article with...
Schwartz and Friedman is cited more than his article with Débreu, then the ratio of female authors on his papers will spuriously correlate with citations unless Friedman’s presence is accounted for.

To adjust for this, we additionally restrict our sample to senior male economists with at least two top-five papers co-authored with a single junior author of each sex. This creates a treatment group — i.e., senior male authors co-authoring with exactly one junior woman — that very closely resembles the untreated group — i.e., those very same seniors co-authoring with exactly one junior man.

Consistent with results in Figure 4, we find a senior male author’s work is more highly cited when it is co-authored with a woman: citations increase 60-70 log points when senior male economists co-author with junior women as opposed to junior men.

**What does this mean?**

Assuming citations are not biased in favor of women conditional on quality (as well as included controls), our results suggest female-authored papers published in top economics journals are higher quality than male-authored papers. Higher quality female-authored papers could be consistent with gender-neutral acceptance standards if women’s papers are accepted more often or the variance in their quality is greater (see Hengel and Moon 2020, Theorem 3.1). Neither appears to be the case. As shown in Figure 3, variance in quality is lower in female-authored papers, conditional on acceptance. Recent evidence from a set of journals that partially overlaps with our own suggests men’s and women’s manuscripts are accepted at roughly equivalent rates (Card et al. 2020).

Figures 4 and 5 also rule out consistent same- or opposite-sex complementarities meaningfully contributing to gender differences in quality, conditional on acceptance. The impact of co-authoring with members of the opposite sex would be positive for men and women if they produce higher quality work by collaborating with one another; conversely, both effects should be negative if everybody works better with members of their own sex. Our evidence is not consistent with either story. Instead, we find that the impact of co-authoring with a man is negative for women while the impact of co-authoring with a woman is positive for men. This suggests that women disproportionately contribute to the quality of co-authored work — again, conditional on acceptance — and is consistent with women facing tougher standards in peer review.

Finally, our results indicate that female economists may not be able to correct for higher standards all on their own. Although the fall in women’s citations when they co-author with men suggests adding male co-authors can alleviate higher standards, men also experience a rise in citations when they co-author with women, suggesting co-authorship alone probably cannot eliminate them. And when combined with evidence of the ‘Matilda effect’ in tenure decisions — as Sarsons et al. (2019) shows, tenure committees discount women’s contributions to mixed-sex co-authored papers — co-authoring with men may have other negative consequences, as well.

**Policy conclusions?**

As Becker (1957) has shown, discrimination hurts its victims and its perpetrators. In the presence of complete and perfect markets, harm inflicted on the former is fully absorbed into higher costs for the latter. As a result, bias has no effect on equilibrium outcomes — e.g., women can simply publish their higher quality papers in currently lower-tiered (but non-discriminatory) journals, confident that their actions will lead to an immediate adjustment in journal rankings.

When competition isn’t perfect, however, discrimination interacts with one or more market frictions to prevent those who discriminate from fully internalizing its costs. Consequently, its victims will have to partially bear them. For example, imperfect information about journal rankings may mean tenure and promotion committees’ expectations are slow to adjust to the lower quality of journals that reject too many women. As a result, women (and the men they co-author with) are tenured and promoted at lower rates than they otherwise would be if markets were complete. To the extent that grant committees similarly rely on applicants’ past publication histories to choose between projects, women will also have a harder time funding future work.

Moreover, discrimination undoubtedly distorts authors’ decisions in ways that can further misallocate available resources. Indeed, our own evidence implies male and female economists are better off collaborating with men — all else equal — suggesting authors of both sexes may forgo higher quality co-authoring opportunities with women in order to partner with men.

In economics, we generally approach incomplete markets by proposing policies that try to fix individual imperfections. When the space of market failures is large and each is impossible to eradicate completely, however, policies based on outcomes are sensible alternatives (Lundberg 1991). Not only are they objective and non-punitive, they may also create positive externalities that might not have been achievable using markets alone (see, e.g., Niederle, Segal, and Vesterlund 2013; Besley et al. 2017). For example, if journals clearly signal a determination to publish more female authors, they will likely decrease the relative price of co-authoring with women, encourage better co-author matches and increase the aggregate quality of economic research.

Nevertheless, an adequate understanding of the context in which discrimination occurs is absolutely crucial to responsible policy-making. More research is certainly needed. We hope journals are challenged to address the tougher standards they likely impose on women, willing
to support the access and research needed to better understand them and open to whatever policy options most effectively check them.

Notes

1. University of Liverpool
2. Data from Hengel and Moon (2020).
4. To proxy for quality, we follow previous research and use the inverse hyperbolic sine (asinh) of citations as our dependent variable (Card and DellaVigna 2020; Card et al. 2020). To define article gender, we use its proportion of female authors (for a justification of this indicator, see Hengel 2019). Results and conclusions are similar if we use alternative transformation(s) or raw citation counts and/or define article gender by various other means — e.g., solo-female-authored or exclusively female-authored (see Hengel and Moon 2020).
5. See Hengel and Moon (2020) for select citations and Tahamtan, Afsyar, and Ahamdzadeh (2016) for an extensive review of this literature.
6. Prior research suggests this assumption holds: homophily skews citations toward male authors (Ferber 1986; Dion, Sumner, and Mitchell 2018); economists believe female-authored papers are cited less, holding quality constant (Card et al. 2020); men are more likely than women to cite their own work (King et al. 2017); subsequent papers cite earlier female-authored papers 4-15 percent less often than they cite male-authored papers after accounting for a similar set of control variables — and the gender imbalance is largely driven by the referencing patterns of men (Dworkin et al. 2020; for related evidence see also Koffi 2019).
7. To prove this statement, we assume the quality of male- and female-authored submissions are normally (although not necessarily identically) distributed.

References

Becker G. 1957. The Economics of Discrimination Chicago, Chicago U P.
Dion M L, Sumner J L and McLaughlin Mitchell S. 2018. ‘Gendered Citation Patterns Across Political Science and Social Science Methodology Fields’. Political Analysis 26 (3), 312-27.

www.res.org.uk/view/resNewsletter.html
Should I care or should I work?
The impact of working in older age on caregiving and outcomes

Ludovico Carrino and colleagues\(^1\) look at the effect on caring of an increase in women’s working hours as a result of a rise in the State Pension age. The effect appears to be a lowering of support for the elderly.\(^2\)

**Competing challenges for policy**

Ageing societies face an important policy trade-off: Increasing demand and costs for long-term care (LTC) require governments to tighten access to formal-care services, transferring the responsibility for care to family and friends (2, 5).\(^3\) Concurrently, in response to concerns about the sustainability of pension systems, governments have also raised the State Pension age (SPA) to increase the labour supply of older workers approaching retirement, particularly women (6). This policy increases their labour market supply but may reduce their informal care supply, reducing their ability to compensate for tightening rules for formal care eligibility.

How women’s supply of informal care changes in response to an increase in the State Pension age is a question critical to both pension and long-term care policy. This question has wide economic relevance, as informal care represents the majority of care provided to older people in OECD countries, and generates substantial economic value, estimated at £132 billion a year for the UK in 2015, i.e., close to the total public health expenditure (7). In the UK, more than 30 per cent of informal caregivers are aged 55 to 65 and are predominantly female, the group most strongly targeted by state pension age reforms.

From a theoretical perspective, the impact of increased labour supply on caregiving is not clear: on the one hand, informal care supply may decline in response to reduced time allocation decisions imposed by a demanding job (8). On the other hand, if caregiving is inelastic to employment (e.g., due to moral obligations), time allocation for leisure time may decline, keeping informal care provision constant (9).

Crucially, a decline in the supply of informal care may lead to a reduction in the well-being of older people in need of care. Unless the shortage in caregiving is compensated by an increase in either the supply of formal care or the support received from other informal providers, it will lead to a net loss of care availability for older people, resulting in a reduction in overall welfare. This will also have cost implications: an increase in older people’s unmet needs will likely reduce their physical, mental and cognitive functioning, in turn increasing their demand and costs for formal health and long-term services later in life (2, 4).

In this study, we examine how increased labour supply due to increases in the State Pension age affects the amount of care provided by women to dependent family members and friends in the UK. Between 2010 and 2018, the average State Pension age increased from 60 to 65 years for women born after 1949, increasing their labour supply by an average of 10 percentage points (10).

**Key findings:**

An increase in women’s working hours — as a result of a rising State Pension age — significantly reduces the amount of care supplied to dependent older parents living outside the household. This effect is particularly strong for women working in physically and psychologically demanding jobs. We show that this reduction in women’s caregiving is not compensated by an increase in the care supplied by other informal or formal providers. Therefore, it results in lower total support received by older parents, reducing their overall welfare.

**Higher labour supply and female caregiving**

Some economic models predict that, after retirement, caregiving increases as the opportunity costs of caring decline (2, 11). Therefore, increasing the state pension age is predicted to reduce informal care provision, as the opportunity costs of caring increases for those that postpone retirement. However, if the caregiver is altruistic, she may not reduce care supply as doing so might decrease overall utility (e.g., by triggering feelings of ‘guilt’), potentially offsetting any benefits from working longer (12, 13).

Establishing the causal effect of employment on caregiving is empirically challenging, as the choices of care and work influence each other, and may depend on unobservable individual and family characteristics. Only a few recent studies have looked at this relationship. Whilst they found some evidence for a negative trade-off between work and care (9, 14, 15), these studies do not focus on older caregivers, and rely on strong assumptions about the exogeneity of employment decisions.

In this paper, we exploit the fact that becoming eligible to receive the State Pension is a strong exogenous incentive to retire (16). We use State Pension eligibility status as an instrumental variable for working hours, in models where the dependent variable is either the probability to provide care (extensive margin), or the number of care-hours provided (intensive margin). We exploit a recent reform that increased the State Pension age for women born after March 1950 in the UK, based on date of birth, which significantly raised female employment rates by around 10...
percentage points (10). The reform generated variation in pension eligibility for women of the same age, e.g., a woman aged 61 in 2011 is eligible to claim the SPA, while a woman of the same age interviewed in 2013 is not. State pension eligibility is as-good-as randomly assigned, as it is legally based on birthdate. Crucially, our instrument should affect caregiving only through its effect on employment. As individuals who are above the SPA (eligible) are older than those below SPA (non-eligible), which could influence the propensity to provide care directly, we add fixed effects for both age and year. Conditioning on age, being above the SPA is unlikely to directly affect caregiving other than through employment. As a sensitivity check, we include controls for caregiver’s health and income, which might change at retirement and affect caregiving.

We use data from the Understanding Society survey collected between 2009 and 2018 for women aged 55 to 65, who engaged in paid work at some point in life. The dataset includes information on respondent’s (and partner’s) work and caregiving hours (measured in hours/week), alongside other socio-demographic information. We derive pension eligibility status by comparing respondents’ age and date of interview, based on official legislation (17).

Following the relevant literature, we estimate the model’s intensive margin on a subsample of women who are providing a positive amount of care, while the extensive margin is estimated on the whole sample (18). As the opportunity costs of caring may depend on whether the help is provided inside or outside the household, we consider the two care-settings separately (14).

**Main results**

Overall, we find that an increase in working hours due to being below the State Pension age because of the reform, leads to a reduction in the intensity of extra-household caregiving (Table 1). Among women who provide care, a 10 per cent increase in average working hours (c. 1.5 hours/week) reduces hours of caregiving by around 4 per cent (c. 20 mins/week). An increase of 10 working hours per week results in a reduction of 2.1 care-hours per week. In a year, this amounts to just over 110 ‘foregone’ care-hours, valued around £2000 (£17.2/hour, see (7)). The effect is substantial, given that the average work-hours are 30 hours/week, and that roughly half of caregivers provide less than 5 hours of extra-household care.

Although we find no evidence that women stop giving care completely (column 1), we find evidence of significant reductions in the probability of providing both intensive (20+ hours/week) and meaningful care (5+ hours/week). Conversely, we find no effect for in-household care provision.

In further analyses, we find that this reduction in caregiving is not compensated by an increase in the partner’s provision of care, which is unaffected by the increase in women’s working hours.

**The role of job-type**

Women in more demanding occupations may find it harder to balance care duties while working (8, 19). We test this hypothesis using a validated index built by Kroll and Lampert (20), which classifies occupations (4-digit ISCO codes) based on their level of physical or psycho-

---

**Descriptive statistics**

On average, among women in our sample, extra-household caregiving (mostly for parents) is more common but less intensive than in-household care (mostly for partners), see Figure 1-a. Moreover, there is a negative and graded descriptive association between the intensity of work and the intensity of informal care provided (Figure 1-b).

---

www.res.org.uk/view/resNewsletter.html
decrease of 6.5 per cent in extra-household care (Table 1, column 5). We find no evidence that increased labour supply reduces caregiving supply among women in low-demanding jobs.

We find no evidence that increased labour supply reduces caregiving supply among women in low-demanding jobs.

Effect of higher labour supply on support received by dependent parents

While we find that women ineligible for the State pension work more hours and therefore reduce the amount of care they provide outside of the household, this might not affect the total support available for their older parents in need-of-care, if ‘foregone’ care hours are compensated by an increase in care provided by other sources, either other informal helpers or paid carers.

We test this hypothesis using data from the English Longitudinal Study of Ageing (ELSA), focusing on older parents and their daughters aged 55 to 65 before and after the onset of the pension reform (2006-2017). We measure care use with a binary variable for any-care received, a continuous variable for the number of tasks that the older person receives help with (e.g., help with shopping, housework, mobililty, dressing, eating), and a variable for care-hours received, from each caregiver. We build a binary variable capturing whether respondents have any daughter above the SPA (as opposed to having all daughters below the SPA). We estimate the effect of having all daughters below SPA on care use, in an individual fixed-effects model controlling for respondent's age, eldest daughter's age, and time controls. The model relies on the same identification strategy described above.

Our results indicate that having all daughters below-SPA due to the pension reform reduces care intensity (Table 2, column 2), as measured by the total number of tasks they get help with, from any caregiver, as well as the overall amount of care hours received (waves 6 to 8 only, 2006-2017).
Policy implications

Our study shows that women in the UK working more hours, as a result of being ineligible for the State pension, reduce the intensity of informal care they provide to older parents. Crucially, we find that the reduction in informal caregiving is not compensated by an increase in the provision of care from other family members, nor by an increase in the use of formal care. This may worsen the health and well-being of older adults in need of care, by increasing their unmet needs. This could, in turn, increase healthcare costs in older age (21-23). Our results suggest that the net welfare gain arising from raising the labour supply of older women may be smaller than anticipated given a reduction in their ability to provide care for older parents.

Policies that support vulnerable older people and their caregivers when care-work conflict emerge may be warranted. For example, expanding caregiver’s allowances coverage to women who face an increasing State Pension age might increase their ability to care for older relatives and improve long-term care outcomes. It is also worth considering policies that increase the supply of formal care services, for example, by relaxing eligibility rules for less expensive formal care for older people whose primary caregiver was subject to an increase in their State Pension age. Finally, workplace interventions could be implemented, by incentivising employers to offer flexible work arrangements for women in high-demand jobs who have caring responsibilities.

Notes:

1. Ludovico Carrinoa,b, Vahé Nafilyanc, Mauricio Avendaño Pabond,d
   aDepartment of Global Health & Social Medicine, King’s College London, London, UK
   bDepartment of Economics, Ca’ Foscari University Venezia, Italy
   cKing’s Business School, King’s College London, London, UK
   dDepartment of Social and Behavioural Sciences, Harvard University, Boston, USA

2. This piece is largely based on Carrino L, Nafilyan V, Avendano M. Should I Care or Should I Work? The Impact of Working in Older Age on Caregiving. HEDG, c/o Department of Economics, University of York, 2019. More information and material are available from the authors.

3. The numbers in paranetheses refer to the numbered references at the end.

References:


Obituaries

Peter Sinclair

Peter Sinclair, who has died at the age of 73 of Covid-19, was an inspirational figure, to all his colleagues, but above all to generations of students.

This is not just a figure of speech. He shaped whole cohorts of academic and professional economists in the UK and elsewhere for more than 40 years. Peter poured boundless energy into turning students’ fickers of interest or insight into a vocation for economics and its potential to contribute to the world.

Many of his former students have reminisced about tutorials over breakfast in Oxford’s covered market, about the extra reading he would always recommend, or about his ability and eagerness to speak to them in their native language. Peter also stayed in touch with many of us for years or decades, whether from Oxford, Birmingham, the RES Summer School for doctoral students, or the Centre for Central Banking Studies.

Peter James Niven Sinclair was born in Hertfordshire in September 1946, the son of Walter and Marian; he attended Gresham’s School, Corpus Christi College, Oxford (reading classics) and then Nuffield College. From 1974 to 1994 he was economics tutor at Brasenose College, Oxford (alongside Tony Courakis), before becoming a Professor in the Economics Department at Birmingham. From 2000-2008 he also ran the Bank of England’s Centre for Central Banking Studies.

Anybody who met Peter could not fail to be struck by his warmth and kindness. No student was ever mocked for making an error — even if you said supply curves sloped down, he would explain when supply curves can bend backward, before correcting the rookie error. John Davies recalled the International Economics course in the Oxford M Phil: ‘I have often told the story of his going through some mathematical model, writing down various terms and then turning to his group of students and asking:

Peter: “..and so the exchange rate goes…?”

(Long pause)

Student (hesitantly): “Down?”

Peter (nodding enthusiastically): “Nearly! Nearly! Up!”’

There was also steely disapproval alongside this profound kindness. It was reserved for intellectual dishonesty, and for those who showed a lack of respect towards others. He was, as a committed internationalist more than as an economist, an ardent opponent of Brexit.

Peter’s fields were macroeconomics and international economics, always combining theory with a profound engagement with policy and practice. This insistence on the need for relevance was something he put into practice himself through his long association with the Bank of England and the realities of monetary policy. Theory was essential but theory alone was never enough. As he wrote in a paper co-authored with the Bank’s Bill Allen, ‘Monetary policy needs to be guided by principles, above all the principle that Hippocrates’ oath nearly stated — “do no harm”.’

Joe Stiglitz comments: ‘He was one of the (then young) economists who welcomed me to Oxford when I arrived in 1976, with his good-natured ebullience, his inquisitive mind, and unquenchable curiosity. Especially with Brasenose being so near All Souls, we saw much of each other. He was also a breath of fresh air in macroeconomics and monetary theory — a bulwark against the new classical economics that was raging at the time. I just reread one of his early articles about unemployment in the early 80s. So sensible. And reflecting his humanity. And based on such deep theoretical understandings — the ‘imperfections’ in the economy (including those associated with information) that made the new classical model (and its latter-day descendants in DSGE models) so irrelevant, and policies based on those models so dangerous.’

Peter was also extraordinarily well-read and knowledgeable. He seemed to have read everything, and could always recommend what to read about no matter what aspect of economics. Peter’s first wife was the economist Shelagh Hefferman, whom he met in Oxford. She died in 2010 after a long illness. Peter was devastated by the loss, but later found great joy with his second wife, the artist Jayne Ivimey. Jayne reports that before his illness and death, ‘Peter’s bedtime readings were typically Peter. Welsh, Finnish, and Estonian dictionaries. He was planning to write a book on his theory of the origin of the English language.’ This indeed fits with someone who seemed to know at least a few words of every language and to be conversant in an astonishing number of them.

Jayne also found in the belongings returned to her from hospital a few scribbled notes. Before he lost consciousness, Peter seemed to have been thinking about how the economy could recover from the shock of the pandemic and the stresses on international integration. We will have to recover without him.

Diane Coyle, University of Cambridge

Notes:

Editor’s note:
Many reminiscences about Peter can be found in the comments on Diane’s blog post:
Alberto Alesina

I met Alberto Alesina for the first time at Bocconi University, when he was writing his undergraduate thesis on inflation and asset price indexation. I still recall his happy smile the first time I saw him. We remained very close friends thereafter.

Alberto was one of the most creative economists of his time. He had two characteristics that made his work so important and influential. First, he asked new fundamental questions, which nobody had asked before. Second, he had a powerful intuition, which enabled him to single out the key aspects of the problem. His explanations often seemed so simple and obvious, that you often wondered why nobody had thought that way before. And yet, they were new and surprising, and opened up new thoughts and ideas.

Alberto was trained as a macroeconomist, and his PhD thesis opened the field of political economics. Those were the heydays of rational expectations and applied game theory. Alberto was the first to apply the insights of these powerful new tools to explain policy choices by rational and strategic politicians.

The themes he explored in the first phase of his research reflected his Italian background. He grew up in Italy in the 1970s. This was a period of stark ideological and political conflicts, with extreme polarization leading to frequent strikes, left-wing terrorism, capital flight. It was obvious that these conflicts had a large impact on the economy, and yet they were neglected by frontier economic research in the 1980s. Politics was at the heart of the School of Public Choice, but the focus of this line of research was on agency problems, or lobbying by special interests. And macroeconomics was devoted to general equilibrium analysis of representative agent models, where politics did not matter. The main contribution of Alberto’s early work was to show that political conflict has a central role in explaining several macroeconomic phenomena.

In his early work, he took seriously the idea that politicians are also motivated by partisan ideologies, and not only by opportunistic motives. This seems obvious now, but until then politicians were seen as exclusively guided by the desire to win votes, and policy convergence at the election was taken as the norm. He then went on to study how election outcomes affect business fluctuations, and how political polarization and harmful policy divergence are moderated by voters at the elections, or by cooperation between politicians alternating in office.

He then took some of the insights of his earlier papers to dynamic economies. He showed that political conflict and polarization are central to explain the accumulation of government debt and the procrastination of painful policy choices. He also explored how redistributive conflict influences economic growth. In a number of pioneering contributions, he then explored the implications of political and economic conflict for the choices of secession and integration by sovereign nations.

This first phase of economic research was mostly, though not exclusively, theoretical. It was also firmly grounded on the assumption that voters and policymakers are rational. But while the assumption of rationality is appropriate to study the behavior of professional politicians, it is much less convincing when used to explain how people vote. Alberto was amongst the first economists to acknowledge this limitation, and to adapt insights from sociology to explain voters’ behavior. In several pioneering contributions, he showed how slow-moving cultural traits influence economic, political and administrative behavior in a number of domains, including courts of justice, how conflict resolution is easier amongst co-ethnics or people who trust each other, and what consequences this has for public good provision and preferences for redistribution.

This more recent line of research is primarily empirical. The microeconometric revolution changed how evidence is brought to bear to economic analysis, and imposed new standards for causal inference. Alberto was again amongst the first to realize what was happening. Directly through the example of his work, and indirectly through his leadership of the NBER program, he had a huge impact in changing how frontier research is done in political economics. What once was a field of applied theory is now primarily an empirical field of research.

This transformative impact on the field of political economics continued until his last days. The collection and analysis of original survey data is now an important step to understanding voters’ behavior, and Alberto’s most recent and ongoing contributions in this area provide key new insights on how voters form their preferences and beliefs.

Besides being a founder and pioneer of political economics, Alberto always retained a keen interest in public policy. His latest (prize winning) book shows that the consequences of contractionary fiscal policies differ depending on how they are carried out. He was an influential contributor to policy debates, through his academic work and through a regular column in the main Italian newspaper il Corriere della Sera.

Last but certainly not least, he was a fundamental mentor and source of inspiration for innumerable graduate students and colleagues, who are now first rate economists throughout the world. This was no chance: it reflected his warm and engaging personality, and his genuine and intense caring for the world around him. We will all miss him enormously.

Guido Tabellini, Bocconi University, Italy
Francesco Giavazzi adds...

Alberto and I worked together for 15 years. His death is a very great loss. Of the three passions in his life — first his wife Susan, secondly his love of mountaineering — economics came a definite third.

Alberto was deeply committed to his students. I know only one other who had a similar dedication to his students, Rudi Dornbusch. Along with his students came his alma mater, Bocconi. Alberto always felt gratitude towards our university and his former classmates. Though he was well aware of his talent, both as an economist and as a mountaineer, he always knew how to be grateful.

At Bocconi Alberto ran a very successful activity. He would visit us there twice a year: in the winter, when the snow started falling on Mont Blanc, and then again at the beginning of the summer when the rock climbing season opened. Always generous with his time, he spent long days talking to our students, asking about their papers, their projects, their views on Italian politics. This was not totally disinterested: he would identify our best students and hire them as research assistants. After a few months of getting to know them at Bocconi he would fly them to Harvard to work for him. Eventually he would encourage them to apply for a PhD.

This is when the trouble started. The best ones were typically accepted both by Harvard and MIT and often came to ask for my advice. I tried to be balanced. Alberto made no such effort. He would tell them: Why would you ever want to go to that technical school down the river?

I lost most of those battles. But in the rare cases when I did convince a student to accept the MIT offer, in the end this did not change much: Alberto eventually became one of their thesis advisors. Over time many have become his co-authors.

I have not talked about Alberto’s research. Guido has provided an excellent summary.

Francesco Giavazzi, Bocconi University, Italy

Julio López Gallardo

Julio López Gallardo, the distinguished Chilean-Mexican development economist, has died in Paris at the age of 78. Julio López made important contributions to the understanding of the macroeconomics of emerging markets, where aggregate demand is constrained by the trade balance, and governments are unable to use monetary policy in an international financial system that they do not control. In Latin America this set of dilemmas had been analysed by structuralists like Raúl Prebisch, or Celso Furtado. However, López preferred the approach of Michał Kalecki, which laid more emphasis on the aggregated flows in the domestic economy as well as foreign trade, and placed greater emphasis on the crucial development bottleneck of agriculture.

Julio López was born on the 22 September 1941 in Osorno, a provincial capital in southern Chile. On finishing school he entered the University of Chile to study economics. He went on to teach at the University of Concepción. In 1966 he was awarded a government scholarship to pursue doctoral studies in Europe, where he travelled with his wife Judith. In Italy he was recommended to go to Warsaw, where Kalecki and Ignacy Sachs were running an important seminar in development economics. He not only learned his economics directly from Kalecki. Poland was going through yet another economic and political crisis. In 1968 López and his wife witnessed attacks on students, culminating in a purge of Jews in the Polish establishment and the circle of critical economists around Kalecki. In 1969 Julio and Judith returned to Chile and to his job in Concepción.

Shortly afterwards López was awarded his doctorate of Warsaw University. He moved to the University of Chile in the capital Santiago, where the socialist Salvador Allende entered the La Moneda palace as President of Chile in 1970. Allende was supported by the Movimiento de Acción Popular Unitario (Popular Unitary Action Movement or MAPU, a left-wing splinter group that had emerged in 1969 from the Chilean Christian Democratic Party) of which López was a member. In 1972 López joined the research section of the Copper Corporation, the state company managing the extraction and export of Chile’s most important traded commodity. When Augusto Pinochet mounted his coup, López and MAPU urged resistance. This effectively ended his career. Compared to many others he got off lightly. Judith managed to leave the country, and he was later allowed to join her. They ended up in Venezuela, where he worked from 1976 to 1978 at the Foreign Trade Research Institute (Instituto de Comercio Exterior de Venezuela). In 1979, he and Judith moved to Mexico City, where he started teaching at the Universidad Nacional Autónoma of México.

When his daughters Antonia and Manuela grew up and started studying in Europe, López became a more frequent visitor to Europe. This allowed him to keep in contact with those colleagues of Kalecki, such as Ignacy Sachs and Kazimierz Laski, who had been scattered around Europe by the 1968 purges. The visits to Europe became more frequent as Antonia and Manuela settled into employment in Paris. With retirement, López and Judith purchased a small flat in Paris, where he could stay close to his growing family and continue with his research. In 2010, together with Michał Assous he published his account of Kalecki’s economics in a book entitled simply Michał Kalecki. The volume included the notes that López had taken while attending Kalecki’s lectures over four decades before.

In December 2019 he was diagnosed with cancer. Julio López died on the 3 May 2020.

Janek Toporowski
School of Oriental and African Studies, London
RES Policy Webinars
The Royal Economic Society has launched a series of webinars focusing on the economic issues and policy solutions to the Covid-19 crisis. To date, these include:

- Strategy and Investment for a strong and sustainable recovery (3 webinars)
- Education and Lockdown: Skills, Transitions and Inequalities
- Inequalities and the Covid-19 crisis
- Developing Nations and Covid 19
- Economic approaches for analysing the short, medium term and long run impact of the Covid-19 crisis

Recordings of these, and details of forthcoming webinars, are available on our dedicated Covid-19 Resources hub — https://www.res.org.uk/resource-library-page/covid-19.html

New Newsletter editor appointed
A new editor of the Society’s Newsletter has been appointed and will take over from the first issue of 2021.

Almudena Sevilla appointed Chair of the Women’s Committee
The RES is pleased to announce that Almudena Sevilla has been appointed Chair of the Women’s Committee. Almudena succeeds Sarah Smith, whom we thank for all her work.

The Women’s Committee promotes the status of women in economics by identifying and removing barriers to progress. The committee monitors and reports on the status of women in economics and seeks to identify and to tackle the causes of their under-representation in the subject. It provides support for women in their careers as economists and ensures that the interests of women are represented in all of the Society’s activities.

Membership Renewal
Members whose subscriptions are due to expire will shortly be invited to renew. Membership income is vital to support the Society’s activities, including our grant schemes, the Discover Economics campaign and our support for PhD students. We do hope you will choose to renew. You can renew your membership here:

https://www.res.org.uk/login.html

Thank you for your continued support.

RES Members wanted to assist on RES Committees
RES is keen to involve a wider range of members in its work and is seeking expressions of interest to assist with the work of the Communications and Engagement Committee, Education and Training Committee, and Women’s Committee.

These three RES committees are looking for people to assist with their sub-committees:

1. **The Communications and Engagement Committee** is looking for RES members who are interested in being involved as members of any one of its three sub-committees. The sub-committees are:
   - Outreach to the public (including: RES Presents, sessions open to the public held during the RES conference)
   - Outreach to schools (including: the RES Public Lecture and RES Young Economist Essay Competition, both for A-level economics students)
   - Communication with RES members (including: the RES website and quarterly RES Newsletter)

   An interest in the relevant area is more important than prior experience (although the latter would be useful!), with expressions of interest from early career researchers welcome.

2. **The RES Women’s Committee** is looking for people able to contribute to the Women Committee’s activities. They will work closely with committee members in the management and coordination of the Mentoring Program, Engagement and Communication activities, and the monitoring of the status of women in the economics profession. **Expressions of interest from highly motivated PhD students are welcome.**

3. **Education & Training Committee** is also looking for people to join the sub-committees to support and engage in a range of activities relating to taught undergraduate and postgraduate programmes, research students and continuous professional development in economics.

   The time commitment will average a few hours a month, although this may vary over the year. If we have an overwhelming response, then it is possible that the Society will not be able to use everyone who volunteers at this time, but in that case will record your interest and contact you when an opportunity to participate arises again.

   **Expressions of interest should be sent by email to j.randalledwards@res.org.uk by 8th July. Please include a few sentences about yourself and indicating the committees or sub-committees whose work you are interested in helping.**
RES news

Discover Economics

The Health Foundation has joined the Royal Economic Society as a funding partner for the Discover Economics campaign. Launched last October, Discover Economics is a three-year campaign that aims to change the image and perception of economics. To coincide with the partnership, Discover Economics launched a new ‘economics of Covid-19’ blog on 21st April. Targeted at school and college students, the blog explains how economic models and data can be used to understand different aspects of the current crisis – covering everything from panic-buying, movements in share prices, the closure of schools, inequality, the role of government, social care to death rates and more.

Prof Sarah Smith, Co-Chair of the campaign said ‘We are very excited to work with the Health Foundation to change students’ perceptions of economics. Our new blog on the economics of Covid-19 will show how economics can help to make sense of many aspects of the current crisis.’

If you are interested in writing a post, please contact Sarah Smith (sarah.smith@bristol.ac.uk).

Journal postage delays

Our journal publisher Oxford University Press has encountered significant problems in its supply chain as a result of the Covid-19 crisis. OUP has therefore taken the decision to temporarily stop printing its UK-printed journals, including the EJ and EctJ.

Once the situation allows, OUP will print and deliver all affected issues. For those members who pay to receive the printed journal, we will pass on additional information from OUP when we receive this.

EEA announces European Job Market

The European Economics Association is to provide a pan-European job market modelled upon the US Allied Social Sciences Association (ASSA) meetings, as follows —

1. Employers post job offers on a centralized platform and candidates submit their ‘packages’ in October-early November.

2. Recruiters review the packages and form shortlists of candidates to be invited for a preliminary screening through face to face interviews.

3. The interview phase takes place in a European city. The EJM co-organisers facilitate the logistics by providing meeting rooms for the recruiters, and organising a keynote lecture, and a workshop for candidates.

4. The candidates who pass the interview stage are invited for ‘flyouts’ where they give seminars in the host institutions and meet with the local faculty. The preferred candidates are offered a job.

The advantages include:

• Higher quality matches between candidates and European institutions. Employers will be able to interview a larger set of candidates and with a signal that these students are indeed serious applicants interested in working in Europe.

• Better placement of PhD students from European universities. While the very best students from the very best institutions may still get offers through the ASSA job market, a large fraction of students will get access to jobs that they would not otherwise know about or be selected for.

The 2020 European Job Market (co-sponsored by EEA, RES and SEA) will be held in Nottingham, United Kingdom, in December.

How to Sign up for EJM 2020:

Institutions wishing to interview should contact admin@eeassoc.org ASAP (we assign meeting rooms on a first-come, first-served basis).

Job Market candidate wishing to take part should note that they have to be a member of the EEA to take part. Registration opens on September 15 2020.

Registration to the EJM entitles all candidates to membership of the RES and SEA (details will be sent out after the EJM).

Further details are available at: https://www.eeassoc.org/index.php?site=&page=288&trs=287
Membership of the Royal Economic Society 2020

Membership is open to anyone with an interest in economic matters. The benefits of membership include:

• Access to The Economic Journal and The Econometrics Journal including back issues and previews of papers before their publication.
• Savings of up to a 1/3 on the ticket price for the annual conference and the opportunity to apply for the Society’s grants and financial support.
• Our quarterly Newsletter which includes topical articles, comments and letters.

Membership subscriptions 2020

RES Member: Print + Online 1 year £66
RES Member: Online only 1 year £42
RES Member: Online only 3 years £110
RES Student Member: Online only 1 year £12
RES Student Member: Online only 3 years £20
RES Retired Member: Online only 1 year £25
RES Retired Member: Print + Online 1 year £38
RES Developing Countries Member: Print + Online 1 year £38
RES Developing Countries Member: Online only 1 year £25

VAT applicable to those residing in the UK and EU, in addition to the prices listed above.

For questions about joining and renewing your membership please contact the RES office on resoffice@res.org.uk or +44(0)20 3137 6301