Notes from an online conference

We report on this year’s RES Conference
My thought was to rework growth and development economics and the economics of poverty by embedding the human economy in Nature, not keeping it external to Nature

see page 14
The editor:
JONATHAN TEMPLE

The conference issue

Many readers will have been saddened to hear that Past RES President, Peter Neary, died on 16 June. Peter was a popular and much-respected figure. Current RES President Sir Tim Besley has paid tribute to him in a statement on behalf of the Society, reprinted in the News section of this issue. We will publish a full obituary at a later date.

Even more than usual, the rest of this issue looks both forwards and backwards. We have the annual report on the RES conference, held in April, and a separate report on one of the conference special sessions, on economics and epidemiology. In another main feature, we look to the future of the biosphere: Sir Partha Dasgupta answers our questions about his landmark Review, and the need for economists to frame their analyses differently.

In the Letter from Germany, Michael Burda writes about climate change, the relevance of economics, and the German elections. With the public finances under strain in the UK and elsewhere, Arun Advani makes the case for a one-off wealth tax. And in the second of our profiles of leading economists, Dame Carol Propper talks about her background and her path to economics.

Producing the newsletter is now a team effort. Those contributing include the designer Phil McAllister and the new production editor Adam Peggs, with guidance from Helen Miller and Julia Randall-Edwards. My admirable predecessor, Peter Howells, used to do almost everything single-handed; he saw 88 editions into print, a feat I cannot emulate until January 2043. In this issue, we introduce a new feature, From the Archive, drawing on issues edited by Peter. We look back at Diane Coyle’s conference report from 2002 – and not for the first time, it turns out that looking back might be one way to move forward.

“Even more than usual, the rest of this issue looks both forwards and backwards”
Given the successful jab campaigns in both the UK and Germany and our remarkable willingness to put a once-in-a-century pandemic behind us – and despite the surprising lack of evidence that it is really over – I’d really like to write about something else in my Letter this year. In a time of remarkable threats around the world to the viability of democracy, we economists face an equally fundamental challenge to our own credibility. Can we help the world solve the great problems of the coming decades? I have no doubt that our natural, sometimes ideological, instincts for market-based solutions have been the source of important and meaningful reforms in the UK and Germany over the last few decades: deregulation and regulatory competition, free trade in goods and services, and free movement of people and capital have brought efficiency and welfare gains to millions. Yet the apparent successes of China’s policy responses to the Covid-19 pandemic, which bypass or ignore market-based incentives, free choice, and privacy, appear to have shaken the faith of many in our instincts. Pandemics are the mother of all externalities, both positive and negative, and markets don’t do externalities particularly well.

Now we economists face an increasingly hard scientific consensus that economic growth is fundamentally inconsistent with our survival on this planet. This is a gut punch to the basic economic growth model I have used in my macro textbook for decades, a foundation we can teach with full faith and confidence to students, and on which there is broad consensus among our colleagues. The Solow-Swan model assumes a steady state with boundless growth of economic activity at the rate of labour-augmenting technological progress. This seems fundamentally inconsistent with a hard limit on the cumulative amount of carbon dioxide emissions that our atmosphere can handle, beyond which a climatic catastrophe ensues with probability one. Even mediocre students have pointed out that there is no natural mechanism in the model to account for such limits.

I wonder how many of our colleagues even teach externalities these days in any detail. It is certainly instructive to recall and review the fundamental wisdom of the great British economists Henry Sidgwick, Arthur Cecil Pigou and later James Meade that I read in graduate school and whose papers still belong on every good college reading list. It is startling how quickly we have forgotten their prescriptions of decisive...
LETTER FROM...

collective action over laissez-faire alternatives, even in response to the pandemic. This appears just as true of my German as my British colleagues. As social beings, our economic problems inherently involve nonmarket interactions, certainly a large majority of what we do involves no market at all – if the time use data of our species are any indication, we spend only about a quarter of our time in market work and related activities. In the case of CO₂ emissions, there is no Coasean assignment of survival rights that we can trade, and we will have to settle for a collective and global solution involving cap-and-trade for scarce emissions permits, Pigovian taxes on carbon emissions, or subsidies for R&D in renewable alternative energy sources to fossil fuels. But who will implement them? And where will the economists be?

We have had some time to think about this! Looking back at William Nordhaus’s February 1977 article in the American Economic Review, it seems that we are pretty much on the laissez-faire path he predicted (see his figure on page 342), with pretty ugly consequences on the horizon. In a world where the correct model and the tipping point are unknown, a risk-averse and prudent Ramsey planner should worry quite a bit about getting that upper bound wrong and err on the side of even more caution. Hayek’s adjuration on the pretext of knowledge appears to be exactly the wrong answer; inaction as capitulation to our own ignorance will seal our global fate, not solve it. One can only hope that newer data from the recent lock-down interruption in carbon emissions will provide dispositive evidence.

Even if it does: can a liberal, informed democratic electorate better internalize the externalities of climate change than totalitarian, illiberal regimes? Each and every nation in Europe could afford to emit a lot less carbon dioxide, yet each is tempted to follow a “beggar thy neighbor” policy and let others go first into the breach. Yet another externality to deal with. The EU offers some coordination and bargaining power in this regard – but where will it lead globally? Will the UK and Commonwealth nations be on the same side? Is the US really back in the game? Will the central banks of the world end up stepping in if the political process fails?

Germany’s parliamentary elections in September illustrate this conflict. One of the most energy-dependent economies in Europe claims to have one of the most pronounced green consciences. Yet as a leading global manufacturing nation, exporter, and energy consumer, it also has one of the most improvable CO₂ balances. The voters will ultimately decide whether Germany merely wants to talk the talk, or truly walk the walk. The lead of the Green party has melted away in the recent summer heat. More damaging than the fudged credentials of their chancellor candidate, the Greens promised higher CO₂ prices, and this ultimately implies higher petrol prices – a dangerous third rail for car-crazy Germans. Pledges to phase out coal-fired plants and tax subsidies for chemicals and metallurgical industries mean that Germany will have to get used to being a little bit less competitive in the world (and running smaller surpluses in energy-intensive exports). Voters may have already recognized that voting with their pocketbook and letting others clean up the environment is a dominant strategy.

On this rather sombre note and not knowing the outcome of Wembley on June 29: May the best team win!

Very warm greetings from a very warm Berlin

Michael Burda, 27 June 2021

“The Greens promised higher CO₂ prices, and this ultimately implies higher petrol prices – a dangerous third rail for car-crazy Germans.”
Since early 2020, the world has often reached us through fibre-optic cables and copper wires. Early in 2021, the Royal Economic Society nudged some electrons in my direction, asking me to report on another stream of electrons, the 2021 Conference. This would be the first RES conference for two years, since the 2020 event had to be cancelled as the pandemic took hold, and the first to be held entirely online.

These were not the only firsts. To the best of my knowledge, I am the first conference rapporteur to report on the conference without ever leaving the house. This comes all too naturally to me. As the journalist Tim Dowling once wrote of himself, it can seem that I was born to live under some form of house arrest. But armed with supplies of teabags and crisps, I felt ready for anything, perhaps even econometric theory.

I was also fortified by the example set by previous rapporteurs, most of them professional journalists, some now well-known figures. Their reports still make interesting reading, with serious points to make as well as jokes. One theme has been the disjunction between the aims of researchers, intent on careful presentations that can withstand criticism, and the desire of audiences to see vigorous debate, or even creative ferment.
But more of that later.

First, some background. Although online, the conference was held in association with Queen’s University Belfast. There were more than 900 delegates, from more than 35 countries. The programme chair was Ricardo Reis of the LSE, and others with key roles included Coralie Simmons, Michael McMahon (the Conference Secretary of the RES), and at Queen’s, Renee Prendergast and John Turner.

Ahead of the event, I logged into the conference software, which proved easy to use. I made a preliminary selection of what I wanted to see, and there was much I was actively looking forward to – not an inevitable feeling ahead of a conference.

**DAY 1**

I opened with a statement of intent, having chosen a 9am econometrics session. In making this choice, I recalled the words of a colleague, that econometric theory has reached a point where even the questions are hard to understand, let alone the answers. But the papers in this session were clearly presented and the results valuable. I understood rather less than 100% but, as I used to tell research students, sometimes that’s enough. It helped that one talk was on robust methods for two-stage least squares, a topic close to my heart: I have never understood why economists rely so heavily on an estimator as fragile as least squares.

11am came around at the expected time, together with the first keynote. Before the conference started, I had wondered whether the invited lectures would lose from the move online. When hundreds of delegates assemble in person to hear someone distinguished, there is a sense of theatre lacking in the online version. On the other hand, the speaker in a large lecture theatre can seem a remote, distant figure at a lectern. This year, we had the quasi-intimacy of being addressed by a speaker sitting at their computer: not always better or worse, but certainly different.

**Past President’s Address – Lord Stern**

The first keynote was given by Lord Stern of the LSE, in his Past President’s Address. He began with a summary of the outlook for the climate. The science is ever more worrying, as some effects come through faster than expected. The next decade will be critical. Current investments in urbanization and infrastructure will have lasting effects and must look different from what we have now. When someone as well-informed as Lord Stern warns that we have reached “a key moment in world history”, he is not resorting to hyperbole. His address implied that, once the scale of the climate problem has been recognized, it fills the sky.

Or should fill the sky. Lord Stern also gave a brief overview of climate research by economists and sketched how it will need to change. Some conventional tools have been misapplied, and the stakes are immense, especially given the scope for crossing thresholds in the climate. Analysis should acknowledge extreme risks and pervasive market failures, along with rapid technical change. There are a few grounds for optimism, as the need for action becomes clearer to politicians and the public; but the climate should receive far more attention from economists than it has to date. It seemed hard to disagree. Other lectures at the conference had more formal analysis, but this had an urgency and importance that few could match.

**The Economic Journal Lecture**

In the afternoon, Matthew Gentzkow, Landau Professor of Technology and the Economy at Stanford, gave the *Economic Jour-
nal Lecture, on digital media and well-being. He chose a topic where the ratio of popular speculation to hard evidence has been especially high: are digital media ruining our lives? As with most of the keynote speakers, his lecture drew on published and unpublished work with other researchers.

Professor Gentzkow noted that smartphones have greatly changed our use of time, as TV did for earlier generations. He quoted the writer Douglas Adams, from *The Salmon of Doubt*: “Anything that is in the world when you’re born is normal and ordinary and is just a natural part of the way the world works... Anything invented after you’re thirty-five is against the natural order of things.” (Those over thirty-five are right, by the way.)

The lecture considered two experiments in particular. The first studied the effects of avoiding Facebook, using a randomized trial in 2018. Use of Facebook is valued quite highly; according to one estimate for the United States, it generates about $31 billion of consumer surplus each month. People in the treatment group, for whom Facebook was temporarily deactivated, valued their use of it about 15% less afterwards, and their average self-reported well-being rose slightly. They were less informed about politics, and less engaged by it, but also less polarized. This suggests a complicated picture, moving the debate beyond instinctive reactions.

The second experiment, also randomized, gave people incentives to limit their use of some popular apps. The results implied that many would like to use their smartphones less. Usage was lower after the end of the treat-

ment, suggesting that addiction may be a genuine risk. In the discussion, Professor Gentzkow noted that the most serious effects of social media may be harms caused to a small minority. He did not need to add the obvious rider: rare but damaging effects are not easy to study using experiments.

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event saw Sir Tim Besley and Sir Angus Deaton discuss the Farewell Letter from America, published in the April 2021 issue of the Newsletter. The conversation ranged widely and enjoyably over the fifty Letters, just as their readers would expect. It often touched on changes in economics over recent decades. American researchers have become more engaged with inequality, poverty, and tax policy; but as conceptions of economics have widened, its future has become harder to predict. There may be less sense of a clear, well-defined “runway” from which young researchers can easily take off.

Later, Sir Angus observed that social divisions in the US differ from those in the UK. There are differences in the sources of respect and what Adam Smith called “esteem”. Where these lead to polarization, this could undermine democracy. This prompted a brief exchange on whether welfare economics needs some rethinking, a hard task. As a thought-provoking conversation drew to a close – and I would happily have listened in for rather longer – Sir Tim Besley underlined how much the RES has appreciated Sir Angus’s willingness to contribute the Letters.

The Sargan Lecture
From one hard task to another: the Sargan lecturer has to make technical material come alive for an audience varying in statistical expertise. There have been excellent examples over the years, but it must take some doing. I had been looking forward to the lecture by Professor Guido Imbens of Stanford, and it did not disappoint. He surveyed recent work on panel data models with binary treatments, combining difference-in-differences with ideas from the synthetic control literature. Professor Imbens used simulation results to show that a combination can improve on existing methods. This is true even for experimental data, with implications for the future design of experiments as well as the analysis of observational data.

Professor Imbens took unusual care to distinguish between data sets with varying cross-section and time dimensions, and different patterns of treatment assignment. Seen as a whole, the lecture conveyed the sense of an exciting field moving quickly, with much important work still to be done. It seems likely that applied researchers at many future conferences – not to mention writers of the next generation of econometrics textbooks – will draw on the ideas so well surveyed here.

Interim reflections
The day ended with an evening panel discussion on “The Future of Work”; this is surely one of the great evergreen titles, like “Whither the Novel?” or “The Crisis in American Democracy”. The speakers were Abi Adams-Prassl, Joel Mokyr, and Anna Salomons; the panel was organized by Queen’s University Belfast and chaired by Luís Guimarães. The speakers differed in their chosen approach and style, which made for an enjoyable and unpredictable discussion, more freewheeling than a keynote lecture. Dr Adams-Prassl noted that the questions could be framed differently from concerns about the future. At least in the UK, reforms in areas such as taxation, social security, and labour law are already overdue.

After two full days, I had spent a little time reflecting on the gains and losses of holding a conference online. These probably vary across people and different types of event. At a large in-person conference, the shy or socially timid can find themselves stranded on the periphery. For senior figures, I imagine there is sometimes an opposite problem: they know too many people rather than too few. It is the people in between, with some contacts but happy to make more, who might lose the most. It would be easy to regret not seeing old friends, the loss of chance meetings, and the lack of unexpected conversations that lead somewhere new.

Some observers of past conferences have wanted to see more contention and debate. This year, it was not easy for speakers in special sessions to interact with each other, but some of the online exchanges with audiences worked well. Beyond the main events, the RES sought to draw people together by means of online “coffee chat” sessions. Online interac-

Lord Stern, who gave a Past President’s Address
tion is an imperfect substitute for the real thing, but at least it was harder than usual for attendees to come to blows over the appropriate social discount rate or the true value of the elasticity of substitution. Readers with especially long memories may recall the Aggregation Riot of 1973 – no, I’m making this up.

Among the parallel sessions, I had the sense that speakers were often more polished and less nervous than is the norm. For those attending, it seemed easy to come and go at whim, without the awkwardness (and sometimes rudeness) of leaving or entering the room that arises in real life. But whether losing the tacit commitment to a whole session is an overall gain or loss would need a skilled behavioural economist to disentangle.

DAY 3
WEDNESDAY
14 APRIL

In recent decades, we have learned how the economics of “nudge” spans both enlightened public policy and creative forms of self-help. In the spirit of the latter, my habitual practice – and this is advice that I am happy to offer freely – is to eat crisps only on Tuesdays. But once the final day of the conference came around, I feared that a loss of self-discipline was likely.

Past President’s Address – Dame Rachel Griffith

This brings me to the second Past President’s address, given by Dame Rachel Griffith, Professor of Economics at the University of Manchester. Professor Griffith gave an overview of work on obesity and public policy, reflecting on an alarming set of developments. In England, obesity has trended upwards since the early 1990s. Now, almost one in three adults is classed as obese on a standard definition, and obesity-related hospital admissions have risen.

The lecture included other striking charts and evidence in areas such as sugar consumption – at least in the UK, most people eat far too much sugar. The problem seems especially serious at younger ages and can be found in many countries. In response, there are now soda taxes in more than 50 jurisdictions. Professor Griffith cited some of her published work, which finds that soda taxes help in lowering the sugar intake of children, and have led manufacturers to reformulate their drinks. Other work has studied the effects of restricting the advertising of junk food, although the health benefits of advertising bans may be partially offset by lower prices.

Professor Griffith suggested that governments must do more: partly to alter the choice environment, partly to lessen the strains of deprivation that can work against good choices.

The Hahn Lecture

The final event, on Wednesday afternoon, was the Hahn Lecture by Nicola Fuchs-Schündeln, Professor of Macroeconomics and Development at Goethe University Frankfurt. The topic could not have been more timely: the effects of school closures during the pandemic. Drawing on recent work with co-authors, Professor Fuchs-Schündeln used a structural model of households to examine the effects of closures on children via missed education and lower future earnings.

In the model, human capital is gained through government
investment (spending on schools) and the money and time of parents. As in much recent work on childhood development, human capital gained today influences the investment process tomorrow; hence the analysis suggested that the welfare costs of closing schools are modestly convex in the length of the closures. For a six-month closure within a two-year period, the lifetime welfare loss to children is not enormous: equivalent to about -0.55% in terms of consumption-equivalent variation. The losses would be higher without parental responses and were found to be higher for children from disadvantaged households. More speculatively, online schooling – not modelled – might be effective in some households and less so in others, perhaps increasing the dispersion in welfare losses.

Other considerations that are hard to model include the loss of social contact, stress on parents and children, and the long-run fiscal consequences. In any case, as Professor Fuchs-Schündeln noted, the health benefits of school closures are too uncertain to allow a full cost-benefit analysis. In the discussion, she also noted that governments should act quickly to remedy the problem and focus on children from disadvantaged households.

The lecture illustrated the value of structural methods in action, especially for certain types of question. As things stand, the estimates of welfare effects would be hard to improve upon through other methods. It will be many years before good statistical evidence is available, and even then, the leap between data and welfare effects would be a large one. The work presented by Professor Fuchs-Schündeln seems likely to be a standard reference in the area for years to come.

**CONCLUSION**

As the conference drew to a close, it was time to take stock. This year’s organizers had to optimize subject to unusual constraints, and achieved this with distinction. Nearly everything ran smoothly, with only minor glitches. Matthew Gentzkow’s talk was briefly interrupted when his dog asked a question, but most of the time, the boundary between physical reality and the cybersphere remained intact. The event could not have gone much better, and there must have been a lot of painstaking work behind the scenes to keep it on course.

Will this be the future of conferences? I was more than a little sceptical beforehand. I expected to miss the shared tea breaks, the gossip, even browsing the book stalls. In practice, what I missed most was variety. However good the sessions – and some of them were very good – time spent at a computer can become monotonous. As many have found under lockdown, we need variety in location, experience, the human situation. Given my reservations beforehand, I had expected to end my report with something like this: the internet has its moments, but real life is better.

But on later reflection, that seemed too pat, and would not do justice to a successful event. I imagine the RES will study the feedback from delegates with great interest. The lower cost, the lower carbon footprint, the easy access to recordings of special sessions, the convenience, the ability to come and go at whim – these are significant gains. Some of the online question-and-answer discussions worked especially well. Perhaps there will one day be scope to run hybrid events, partially online. In much the same way that some lecturers have “flipped” the classroom, a few sessions could be online – say on the preceding Friday – and then discussed in person at the conference.

After the event, there was much to think about in the spring sunshine. I had left the conference with a new enthusiasm and appetite for research, which is a good test. The internet has its moments.

**RES CONFERENCE 2021**

For online access to most of the keynote lectures, lunchtime chats, and special sessions, see:

**The Profile: Dame Carol Propper**

Where ideas come from, and the creative process

In our latest profile, we put some questions to Past RES President, Dame Carol Propper of Imperial College London

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**Let’s start with your background, and how it has shaped you.**

My parents were immigrants to the UK and their only close relatives lived outside the UK. I think this gave me both an outsider’s and – because I was born in the UK – an insider’s perspective on British life. That insider/outsider perspective has definitely spread over into my adult life and my academic life and interests.

I never thought that I would have an academic career, as hardly anyone in my family had ever attended university. Nor did I think about being an economist. At school I was interested in languages, science, and humanities and I studied economics because it seemed to combine at least two of those interests (and would have loved to combine it with a language as well, but that wasn’t on offer when I went to university).

It took quite a long time for me to decide that academia was a path I wanted to pursue – before that I was a community worker in low-income communities and also worked as an economist in a consultancy. I think this has given me a concern for equity and fairness and an enduring interest in the economics of the public sector more generally. I think having an outsider’s perceptive is important for many academics – it allows them to step back and analyse different environments and problems.

**Are there people you especially admire?**

I admire many people, especially those who choose to challenge the status quo and those who provide public service, which I think is often under-recognised in many professions, including academia and economics. But I also admire people who have great ideas.

**Is there a book or paper that you think all economists should read?**

As an undergraduate I was quite inspired by the work of John Kenneth Galbraith and also *Silent Spring* by Rachel Carson. In terms of economics books, I really enjoyed *Freakonomics* by Steven Levitt and Stephen Dubner when it first came out. But there are many great papers written by economists to read. I am one of the editors of VoxEU, and as part of that I read a lot of recent working papers and really enjoy that – it’s great seeing how ideas develop.

**Do you believe in sudden breakthroughs?**

I do think you can have ‘ahah’ moments and I’ve had them, but I also think breakthroughs come from the accretion of ideas which come together. And, of course, also come during discussion and collaboration with others. For me that’s a really important part of the creative process that is research, and there are many studies which show that being with others and being physically close to others increases the rate of innovation. I’ve been very lucky to have had great co-authors over my career, and one of the most difficult things for me during the Covid epidemic has been the fact that I’ve not been able to get together in person with my co-authors – Zoom for me is a poor substitute for thinking deeply about ideas collectively.
Do you have a favourite among your publications? Is there one you would like to be better known?
I don’t have one single favourite, but I am proud of the work that I and my many great co-authors have written on the benefits and costs of competition in healthcare and the use of incentives – monetary and non-monetary – in the provision of public services.

One paper of mine that I feel is a bit of a lost soul is a paper I wrote with Daniel Jones and Sarah Smith, called Wolves in Sheep’s Clothing. It’s actually about the impact of publication of quality signals about medical care providers on non-profit firms. But as a result of that title, I have been approached to write articles on sheep husbandry and invited to speak at conferences on the benefits of re-introducing wolves. Lesson – be careful with your paper titles...

Are there areas of economics which you think are under-researched? Which field might you be drawn to if you were starting your career now?
I think if I were starting now, I’d be drawn to the economics of the environment. It seems to me to be a very rich field to which economists, working with economists and also with other academics, can make a big contribution. Economics allows us to approach topics and evaluate whether certain policies will actually improve social welfare. The results from this may not always accord with the current consensus, whatever that is, and one of the big strengths of economics as a discipline is that it can show why certain ‘popular’ policies may not have the effects that everyone is hoping for.

What advice would you like to give your younger self?
Be more confident. Believe in your own ideas and your own approach. This is something I have to tell myself often. Also, my advice to those starting out is to seek out others as mentors. When I finished my PhD there was no discussion of mentorship at all, but that has changed, and I see it as a really important component of having support as an academic. So I’d encourage everyone to take advantage of any mentorship programmes that are available.

Is there a book on your shelves we might be surprised to find there?
I think probably you would be surprised how few books there are on my shelves. When I read a good book, I want others to enjoy it too, so have a policy of giving away books that I’ve really enjoyed. Recent fiction books I loved include Wolf Hall and Bringing up the Bodies; there are too many non-fiction ones to select a recent favourite. I also love podcasts – I think listening to ideas makes them very immediate.

What makes you pessimistic about the world, and what optimistic?
Conflict, war, and discrimination make me pessimistic. On a narrower note, I get depressed by policymakers not being able to implement policies that have been shown to have benefits (sometimes they do not even want any evidence). I do understand why, but it can be very frustrating. But then I am cheered up by the fact that there are individuals who manage incredible things even when facing huge amounts of adversity, and there are changes in attitudes and ideas that do happen.
The case for a one-off wealth tax

Arun Advani, of the University of Warwick, CAGE, and the IFS, makes an economic case for a one-off wealth tax

The numbers are now in, and we know that more than £300 billion was added to UK government debt in 2020. That is getting towards half the government budget in a normal year. Naturally, this has led to debate as to whether and when we need to ‘pay down’ the debt: should this be done quickly, slowly, or not at all, relying on growth and inflation to reduce the real value of the debt?

Whatever the views of macro-economists, the Chancellor’s own view, at this year’s Budget, is that it would be “irresponsible to allow our future borrowing and debt to rise unchecked.” This does not mean paying off the existing debt, but highlights a desire to close the gap between taxes and spending quickly. So how should this be done?

The traditional view is that to raise serious money in the UK, there are only three options: Income Tax, National Insurance Contributions (essentially an additional income tax on employment income), and VAT, which taxes most spending. This view was articulated by all the witnesses at the first hearing of the Treasury Select Committee on “Tax after Covid-19” ...

First, in contrast to the traditional view, there is serious money available. The Commission had no view on how much should be raised; indeed, we built a tax simulator precisely so people could design their own tax: http://taxsimulator.ukwealth.tax/. But we gave some examples of what might be possible.

A 5% tax on wealth net of mortgages and other debt, paid as 1% a year over five years on the portion of individual wealth that exceeds £500,000, would raise £260 billion. At more than £50 billion a year for five years, that is more than the structural deficit – the long-term gap between taxes and spending – as estimated by the Office for Budget Responsibility, and it would be paid by the wealthiest
sixth of adults. Starting the same tax at a threshold of £2 million in individual wealth covers the top 1% of adults, and would raise £80 billion in total.

Second, it is efficient. Many economists dislike annual wealth taxes, arguing that they unnecessarily distort savings. Others have argued that such taxes encourage better investment of wealth (‘use-it-or-lose-it’, as argued by Guvenen et al. 2019). Or that wealth provides benefits such as ‘security, independence, influence and power’ (Meade et al., 1978) – not just a transfer of value over time – in which case it ought to be explicitly taxed.

Either way, an OWT is a different beast. It would be based on wealth at a past point in time, so does not distort future incentives to work, save, or invest. This is particularly important if considering tax rises now, at a time when unemployment is high and many businesses are struggling. The pre-determined nature of the tax also removes the ability to avoid the tax.

Third, and most importantly, it is fair. A poll tax would also be efficient, because people couldn’t avoid it, and at high enough rates could also raise substantial revenue. But going from history, it wouldn’t be seen as fair. Critical to the argument for an OWT is that it is also fairer than alternative tax options. It helps that it is also implementable (see the WTC Final Report for details). There are four arguments in favour: ability to pay, intergenerational fairness, offsetting macroeconomic policy, and popular consent.

Wealth is literally a measure of the resources an individual has available to buy things, to insure themselves against risks, and to provide opportunities for themselves and their families. In that sense it maps well on to ‘ability to pay’. The pandemic is no-one’s fault, but if there are going to be tax rises in the aftermath, it makes sense for those with the broadest shoulders to bear more of the cost.

In practice, an OWT would fall more heavily on older individuals. People close to retirement tend to have more wealth than those early in their careers. In the current context, that might be thought of as an advantage. Older individuals have generally been less hurt by the economic impacts of the crisis while having been the main beneficiaries of the lockdown measures, since Covid-19 is more dangerous for them. As a group, these older individuals also benefitted from a period of strong house price and wage growth: they have accumulated more wealth than other generations can expect to in future. Finally, an OWT will be only a temporary fix while the economy recovers: additional tax revenue will come from income taxes, which will be paid much more by younger generations who have more years of work ahead of them.

Since the financial crisis, low interest rates and quantitative easing have been used to support the macroeconomy. This has increased asset prices, and therefore had unintended distributional consequence by providing windfall gains to owners of wealth relative to those without wealth. A one-off wealth tax would (partially) offset this.

An OWT would also be popular. The Commission conducted a detailed study of public opinion based on a wide group of taxpayers, using surveys and focus groups, calling on Ipsos MORI expertise. We found that a wealth tax was significantly more popular than other ways of raising revenue across all taxpayer groups, including those who would have to pay it, and irrespective of age and political persuasion. Importantly, a wealth tax was three times more popular than raising top rates of income tax, so this support was more than pure self-interest.

Ideally, no-one would need to pay more tax. But if tax rises are to come, a one-off wealth tax is a better option in the short term than raising taxes on income and spending.

References


Further reading

The website of the Wealth Tax Commission: http://www.wealthtaxcommission.uk/

Final report of the Wealth Tax Commission: https://dx.doi.org/10.47445/WealthTaxFinalReport


Readers with views on this topic are invited to write to the Editor
The Dasgupta Review

Sir Partha Dasgupta, RES Past President, answers our questions about biodiversity and his landmark Review

How did you come to write the Review?
In April 2019 I was invited by the Chancellor of the Exchequer to prepare an independent, global review of the economics of biodiversity.

Did you have a sense of what was expected of it?
No, nor for that matter did I know where I would be heading with it. For a while I thought I would elaborate on environmental and resource economics, using the received economics of climate change as a template. It wasn’t until November 2019 that I realised it would be a disservice to the UK government if I did that. I felt instead that what was wanted was a treatise on the economics of the biosphere, as all-encompassing a subject as there is for us social scientists. I was ready to attempt that, because over the previous three decades I had been educated in anthropology, demography, ecology, and the Earth sciences by some of the world’s most renowned experts. My thought was to rework growth and development economics and the economics of poverty by embedding the human economy in Nature, not keeping it external to Nature. The Review is that exercise.

How has the Review been received?
It’s hard to tell how it has been received generally, because understandably, there has been self-selection at work. Those who have invited me to participate in events – to date over 100 events, involving interviews, lectures, Q&As – have presumably done so because they are concerned about the state of the biosphere. I have been struck by how informed and enquiring are those business leaders, bankers, and parliamentarians who have discussed the Review with me. There have been unexpected hosts, such as the Chief Economist at the Bank of England, the Managing Director of the IMF, and the Director of the LSE. On the other hand, other than you and Ned Phelps, I have not been invited by anyone in any university economics department to discuss the Review.

Did you have a sense of what was expected of it?
No. Interestingly, though, the chapters that had no ready template in the economics literature were the easiest to compose. The harder ones were those on which there is an extensive mainstream literature, but which I found to be inadequate for putting to work on the demands we make on the biosphere. Finding my way through those mazes took a while.

How has the Review been received?
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Were there sections that were especially difficult to write?
No. Interestingly, though, the chapters that had no ready template in the economics literature were the easiest to compose. The harder ones were those on which there is an extensive mainstream literature, but which I found to be inadequate for putting to work on the demands we make on the biosphere. Finding my way through those mazes took a while.

Have you had some reactions to the formal theory presented in the Review?
Each chapter draft was sent out for review, in several cases by four or more experts. Mostly they were anonymous, as my team handled the process, but I was able to identify them by reading their style. I can’t recall a single negative review. Mostly, reviewers pointed me to material I had missed or ideas that I hadn’t paid sufficient attention to. In one, striking instance, an Earth scientist suggested I reorder the chapters and reorder the sections of the chapter he had been asked to read. I followed his advice, of course, but I was struck by how deeply he had thought through the chapters he had read – he had asked to be sent all chapters.

The Review asks economists to rethink how they frame growth and development – if you had to persuade a sceptic, what would you say first?
I would ask sceptics to compare what mainstream growth and development
The Review has four chapters that collate and explain empirical estimates of that gap.

One reading of the Review is that economists should focus on planetary boundaries rather than try to choose functional forms and parameters for quantitative modelling of the whole biosphere. Is that a fair reading?

The ordering in your question is exactly right. Fighting fires requires first a brisk appraisal of relative dangers to the terrain. Fine tuning the fire-fighting strategy comes later.
Are there intellectual parallels between the economic analysis of biodiversity and that of climate change?
Yes, but the former is a lot harder than the latter because the biosphere’s activities cover far more than climate regulation. Moreover, the vast numbers of regulating and maintenance services (soil regeneration, climate regulation, pollination, water filtration, nitrogen fixation, waste decomposition, and so on) are complementary to one another, they are not independent of one another, far less, substitutes of one another. Separating climate regulation from the rest has been a most unfortunate feature of mainstream climate economics.

How can national and local governments in rich countries best lower the ecological footprints of their citizens? Where should they start?
At the local level, invest a lot more toward creating green spaces in urban areas – there are serious health benefits from doing that. At the national level, reduce environmentally-harmful subsidies (currently to the tune of 4-6 trillion US dollars a year globally). At the international level help to create a transnational institution with the remit to manage the global commons such as the open seas (e.g. charging people for their use) and help to negotiate resource transfers to countries that house peatlands and the tropical rainforests (they are global public goods). Crude calculations suggest that such an institution could be self-supporting, perhaps even enjoy a surplus that could be used for development purposes.

Your interest in these questions goes back a long way. How frustrated have you been that mainstream economists were slow to take an interest?
Puzzlement would be more accurate. But I haven’t been alone. There are plenty of ecological economists, in Agri Econ. departments and Environmental Schools, some are in geography departments – you won’t find them in economics departments. Some study the economics of poverty, and many teach in less-than-prominent universities – in South Asia, Latin America, and Africa. It’s because of their isolation that Karl-Goran Maler and I set things in motion to establish the journal *Environment and Development Economics* (EDE) so that their work gets published in an international journal. What they have produced is terrific stuff. My Review cites and reports their work at length and builds on them.

Do you think economists are, albeit belatedly, becoming more open to the importance of biodiversity and more inclusive concepts of wealth?
‘No’ to the first and ‘yes’ to the second. Even the second took time to be absorbed in mainstream economics, which was surprising to me because Maler and I proved the equivalence between wealth and well-being analytically, in EDE in 2000. I used to think a theorem is a theorem, but I was wrong. As late as 2004 I received a letter from one of the world’s most prominent climate economists, in which he wrote that the “the jury was still out” on the theorem.

How can governments in rich countries ensure that consumption is lower than a net measure of domestic product, accounting for net changes in natural capital?
Try as far as is possible to make us pay the marginal social cost of what we consume and introduce fiscal measures to encourage society to invest in such a manner that inclusive wealth does not decline over time.

“Fighting fires requires first a brisk appraisal of relative dangers to the terrain. Fine tuning the fire-fighting strategy comes later.”

Sir Partha Dasgupta
Do you have thoughts on how biodiversity and inclusive wealth can best be integrated into the economics curriculum?
That should be easy. A start would be by recognising that ecosystems are capital assets, followed by reading an ecology textbook. Any well-trained economist would see how to incorporate natural capital in economic life. Interestingly, I know of business schools where natural capital is included in the portfolio analysis that is taught.

For an economist who has read the Review and wants to learn more, what books or papers would you especially recommend?
Choose a particular class of natural assets, say, mangrove forests, and go to a textbook on ecology to get a sense of the processes that shape them. The obvious next step would be to read a paper, say, in EDE, on the way such assets can be built into economic reasoning seamlessly.

Do you have any reading recommendations for the general reader?
My own entry into ecological economics was the treatise EcoScience, by Anne and Paul Ehrlich and John Holdren. That was in 1978. I translated the content of each chapter into mathematical models so as to better understand them. Today, there are a number of fine ecology textbooks. The one I have used most while preparing the Review is the 2018 edition of a textbook by William Bowman, Sally Hacker and Michael Cain. [Editor’s note: there is also a 2020 edition by just Bowman and Hacker.]

The analysis in your book Time and the Generations might imply that aid donors should place greater emphasis on family planning. Is that a fair reading?
Absolutely! The Review contains a chapter on the salience of family planning in the economics of biodiversity. Investment in family planning and reproductive health is also the cheapest way I know to help empower women in the poorest countries of the world. That OECD countries allocate less than 1% of their aid budget to it and recipient governments place it at the bottom of their concerns is unconscionable.

What do you think of radical ideas such as E. O. Wilson’s Half Earth?
Governments are moving in that direction of thinking, for example, in a proposal that 30% of land and the seas should be designated as protected zones. That’s not 50%, but it’s the idea that counts. We should all be in favour of such a move but should still worry how we should manage the remaining 70%. We economists know better than most others of unintended consequences of policies that need to be attended to in advance.

Contemplating the state of the planet can be depressing. Are there some developments that are more positive?
Plenty – at the community level as well as the national level. My Treasury team and I have not shied away from trumpeting them in the Review.

THE DASGUPTA REVIEW
The Economics of Biodiversity: The Dasgupta Review
Final and abridged versions can be found at: https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review

References and further reading


“I used to think a theorem is a theorem, but I was wrong”
Economics and epidemiology

As the Covid-19 pandemic took hold in early 2020, it became clear that the world faced both a health crisis and an economic crisis, and neither could be understood by economists or epidemiologists working in isolation. Another form of contagion began to take shape in seminar rooms and over broadband networks: one of ideas, methods, theories, and evidence. The outcome was an unprecedented research effort, moving with a speed that would not have been possible in the pre-internet era.

At the 2021 RES conference, the organizers of a special session saw an opportunity to reflect on the past year, asking how economists and epidemiologists have interacted, and how they might work together in the future. The session, organized by the Health Foundation and chaired by Miqdad Asaria of the LSE, brought together three researchers: Dr Abi Adams-Prassl, Associate Professor in Economics at the University of Oxford; Dr Kate Fleming, Senior Lecturer in Social Epidemiology at the University of Liverpool; and Dr Flavio Toxvaerd, University Lecturer in Economics at the University of Cambridge.
**DR ABI ADAMS-PRASSL**

In the first talk, Dr Adams-Prassl began by defining epidemiology, which “encompasses the study of all factors that influence the health of human populations” (see Murray 2020, quoting Porta 2014). The definition implies that economics and epidemiology intersect. In the early stages of the pandemic, an explosion of research by economists took advantage of novel ways to disseminate research, with more than 340 projects appearing over April and May 2020 alone. Much of this activity is listed on either the Economics Observatory website or that of the CEPR. Many studies use real-time data or other novel forms of data to reflect on the reality of an economic crisis, as well as a health crisis.

> There was already evidence before the pandemic that better sick pay can improve health overall

Drawing on Kaplan et al. (2020), Dr Adams-Prassl sketched a possibility frontier tracing out livelihoods versus lives. Decision-makers could seek to locate on the frontier and look for ways to reshape it. In practice, the effects of policy initiatives are hard to assess, and economists must draw on their understanding of causal inference. One example is Fetter (2020), looking at the health effects of the UK “eat out to help out” scheme to support the hospitality sector, which seems to have increased Covid-19 infections.

Economists can also bring an understanding of incentives and self-interest to ideas such as lump-sum self-isolation payments. There was already evidence before the pandemic that better sick pay can improve health overall, since the sick are more likely to stay at home. Given the rapid growth in self-employment in the UK since the financial crisis, the issue of sick pay for the self-employed has arisen. During a pandemic, investments should aim to make complying with the rules less costly.

Economists can also study how agents process information during crises, and how this affects behaviour, as when randomized trials shed light on messaging strategies. Such work may be called upon in future pandemics to help with targeting of effective communication campaigns. Dr Adams-Prassl ended her talk with a quote alluding to this possibility: “There is no great mystery about the cause of the COVID-19 pandemic... The same human activities that drive climate change and biodiversity loss also drive pandemic risk through their impacts on our environment” (Dr Peter Daszak, from a 2020 workshop of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, IPBES).

**DR KATE FLEMING**

Dr Fleming, in her presentation, noted that epidemiology extends beyond the science of disease. It includes her own field, the social influences on health outcomes. The burdens of Covid-19 have been unequally shared, partly shaped by the living and working conditions people experience. Few diseases have a single sufficient cause; for example, low incomes and poorer health interact and reinforce each other. More broadly, pandemic preparedness and population health are global public goods for policymakers to consider. The UK could focus on life-course and non-communicable disease prevention more than it presently does, to mitigate against future ill health.

Dr Fleming sketched how economists could contribute. Epidemiologists have drawn on methods such as difference-in-differences and regression discontinuity designs; in the other direction, economists have adopted randomized trials long used in medicine. Economists, epidemiologists, and governments need to think anew about “primary prevention”, and ideas such as distributional cost-effectiveness analysis (Asaria et al. 2016). Shifting the overall distribution of risk is often more effective than focusing solely on a high-risk group in terms of the overall burden of disease that can be prevented (Rose, 1985). To date, economists have been more attuned than epidemiologists to behavioural changes and responses. Since health outcomes have a range of causes, epidemiologists and economists will need to collaborate with several disciplines. Estimates suggest that public health measures and primary prevention can be highly cost-effective on measures such as cost per QALY (quality-adjusted life-year), and the remaining challenge will be to get such policies enacted.

**DR FLAVIO TOXVAERD**

In the final talk, Dr Toxvaerd stressed the need for an integrated approach to disease management, combining understanding of the economy and epidemics. Arguably UK policy had been too compartmentalized, with separate expert groups making recommendations that may have come together only on the desk of the Prime Minister. Ideally, policy advice would integrate the work of specialists at an earlier stage. The Treasury...
may not have fully considered the health impacts of economic policies, while sub-committees of expert scientists stayed within their own fields of expertise.

Arguably UK policy had been too compartmentalized, with separate expert groups making recommendations that may have come together only on the desk of the Prime Minister.

Economists and epidemiologists should collaborate to identify blind spots in scientific advice and build credible frameworks for overall cost-benefit analysis. Dr Toxvaerd noted that economists should not try to reinvent a parallel or “baby” epidemiology from first principles. Instead, economists can make a difference when they clarify objectives; consider adaptive versus forward-looking policies; look at disease control and mitigation of harms, such as measures to supplement school closures and lower their costs; and study the role of incentives when, for example, the incentives to get a Covid-19 test depend on post-test outcomes.

In contrast to conventional policy areas, the Covid-19 measures, though far-reaching, lacked a common analytical framework. The public debate relied partly on slogans and conjectures, and sometimes became ill-tempered. On collaboration, there are some recent initiatives which may be a sign of what the future holds. The JUNIPER consortium (the Joint Universities Pandemic and Epidemiological Research) is consulting economists, while an NSF-sponsored conference on Bridging Disciplinary Divides for Behaviorally Modulated Mathematical Models in Human Epidemiology has also addressed some of the issues.

DISCUSSION

In the discussion that followed, Dr Toxvaerd suggested that the interactions between economists and epidemiologists may be where the economics of climate change was twenty years ago. For Dr Adams-Prassl, the Covid-19 recession has been notable for the speed at which high-quality work was done. Dr Fleming indicated that we should avoid the idea of a “single point of truth”, since
science evolves and often seeks to disprove itself. In terms of policy advice at this point, it would be helpful to understand heterogeneity in vaccine take-up; to manage expectations and avoid a narrative implying that the pandemic is over; and take short-term and long-term perspectives. The systemic inequalities seen within developed countries pale next to global inequalities. Many countries still lack vaccines, and Dr Toxvaerd suggested that this question deserved a whole panel on its own.

Looking back on the session, after the conference was over, it seemed clear that researchers will reflect on the Covid-19 pandemic for years to come. Like climate change, its analysis requires a multidisciplinary approach and an open mind. Ideas, theories, and methods will spread and mutate. That form of intellectual contagion has taken shape over the course of this pandemic; it will be one of our best defences against the next.

## References and further reading


## Further reading

The Women’s Committee

The gender balance in UK economics

Victoria Bateman and Erin Hengel, co-authors of the latest Women’s Committee Report, highlight a combination of improvement, retreat and stagnation

This year marks the 25th anniversary of the RES Women’s Committee. Since 1996, the Committee has been monitoring the gender balance within UK economics by publishing regular reports based on its own data collection. In light of a falling response rate and GDPR concerns, our latest report employs data supplied by the Higher Education Statistical Agency (HESA), covering the period 2012/13–2018/19.

We consider the recent representation of women within academic economics – from the undergraduate level through to the professorship – and strike comparisons that reveal both the direction of movement and the potential for improvement. As we summarise here, while progress has been made, there are also signs of stagnation and retreat.

Beginning with academics themselves, in 2018/19 women represented 26% of economists, up from 18% in 1996 (Mumford, 1997). At a more granular level, women comprised 33% of lecturers (versus 15% in 1996), 27% of senior lecturers/readers (versus 10% in 1996) and 15% of professors (versus 5% in 1996).

While minority men held 17% of all traditional economic academic posts in 2018/19, only 8% of such posts were held by non-white women (for comparison, the total minority share of the general UK population at the last census was approximately 14%). Despite the reasonably strong overall representation of minorities in economics, Black individuals are underrepresented (Advani et al, 2020). Black women face a further penalty: while 39% of Asian ethnicity lecturers were women, and 30% of white lecturers are women, of the roughly 25 Black lecturers in economics, no more than five were women.

These figures so far concern more “traditional” contracts: those that are permanent, full-time, and with both teaching and research responsibilities. Women are better represented on teaching-only, research-only, and fixed term contracts (where they comprise 35%, 40% and 30% of staff respectively).

Turning to the pipeline, full-time student numbers on a standard economics degree programme totalled 44,600 in 2018/19; of them, 15,630 were women (35%). The representation of women is especially poor among UK domiciled students: women represented 27% of undergraduates, 31% of master’s students (versus 26% in 1996) and 32% of PhD students (versus 25% in 1996).

Women are better represented among Black, Asian and minority ethnic (BAME) students than they are among non-BAME students at both the undergraduate and master’s level; the reverse is true for Ph.D. students. At undergraduate level, the percentage of women is

Women in academic economics

In 2018/19 women represented 26% of economists, up from 18% in 1996

- Women comprised 33% of lecturers
- 27% of senior lecturers/readers
- 15% of professors
- 8% of posts were held by non-white women
highest among Asian (32%) and Black students (33%) and lowest among white students (25%); for economics Ph.D. students, however, women’s representation was ten percentage points higher among non-BAME students (35%) than it was among BAME students (25%).

Armed with these findings, our report highlights a lack of gender diversity within economics, complementing burgeoning evidence elsewhere (Lundberg and Stearns, 2019; Chevalier, 2020; Gamage et al. 2020). Although women’s representation has in many ways improved over the last quarter of a century, there are some signs of retreat and stagnation.

Among students who are UK-domiciled, the gender gap at both the undergraduate and masters level has been getting worse rather than better since 2002, when women represented 30.6% of undergraduates (vs. 27% in 2018/19) and just under 37% of masters students (vs. 31% in 2018/19) (Mitka et al. 2015). For staff, the percentage of both lecturers and professors on traditional contracts who are women increased by only two percentage points between 2012–2018. Furthermore, the percentage of South Asian professors who are women has recently been on the decline, and so too has the proportion of Black lecturers who are women.

Despite the signs of retreat and stagnation, the potential for improvement is clear. Women have consistently comprised at least half of all foreign (non-EU) students and about 40% of all EU students studying economics within the UK in recent years (2012–2019). In economics departments elsewhere in Europe, better gender representation among academics can be found in Ireland, Poland, Romania, and Russia (Auriol et al., 2020).

Furthermore, UK women are better represented among economists outside of academia: in the Treasury, 38% of economic staff are female (Cabinet Office, 2020); at the Bank of England, 32% of senior staff are female, along with 46% of their new graduate intake (Bank of England, 2020); at the Institute for Fiscal Studies, 40% of all researchers listed on their website in May 2021 were female, and of those employed purely by the IFS, 52% are female, while at NIESR, 45% of researchers are female (verified web scrape, May 2021); across UK think tanks, 44% of researchers and 29% of senior researchers are female (Smart Thinking, 2020). These figures are impressive compared with academic economics.

The academic gender gap in UK economics is not inevitable, but its closure cannot be taken for granted. Halting retreat and continuing a quarter of a century of progress will require concerted efforts. We hope that, alongside the Women’s Committee, UK institutions are ready to address the challenge.

Women in non-academic economics

- 38% of Treasury economic staff are female
- 32% of senior Bank of England economic staff are female
- 40% of IFS research staff are female

References


Smart Thinking (2020). Diversity in UK Think Tanks.
In 2020, the Editors of The Econometrics Journal handled 150 new submissions, up from 132 in each of the two previous years, and 73 in 2017. In line with the editorial policy since 2017, they usually (97%) communicated decisions on these submissions within three months and mostly avoided major and multiple revisions. As in previous years, they quickly rejected about half of all new submissions without consulting referees. Of the remaining new submissions, 93% received a decision within three months, against 82-86% in the previous three years and about 20% before 2017.

Enabled by this increase in submissions and their quick review, the Editors accepted 32 papers in 2020, against 30, 13, and 23 acceptances in the preceding years. This allowed the Journal to include 24 papers in its 2020 issues, up from 16 papers in 2019. The Editors aim to publish at least 30 papers in 2021, ensuring a healthy flow of published papers without undue publication delays.

The Journal’s Impact Factor increased to a record 2.139, taking it ahead of its direct competitors. As this measures the impact of publications in 2017 and 2018, it is the first that may reflect the Journal’s 2017 shift in editorial policy towards applied value and quick review. The Editors are pleased that this first evidence reflects so favorably on the current editorial policy, but are also aware that their continued effort is needed to permanently establish the Journal as a leading outlet for research in econometrics.

From the January 2020 issue onwards, the Editors have been selecting a lead article for each issue of the Journal. Oxford University Press provides free online access to this Editors’ Choice. The Editors have also selected one paper in each of the three 2019 issues to be highlighted as the Editors’ Choice.

Following the Journal’s inaugural Virtual Issue on the Econometrics of Treatment Effects, the Editors compiled a second Virtual Issue, with recent research on the evaluation of unconventional monetary policy, high-dimensional forecasting, and other cutting-edge topics in macroeconometrics.

The Journal published a Special Issue on the Methodology and Applications of Structural Dynamic Models and Machine Learning, edited by John Rust, Fedor Iskhakov, and Bertel Schjerning. This Special Issue followed from the Second Conference on Structural Dynamic Models, which focused on the use of machine learning and artificial intelligence to facilitate the solution and estimation of dynamic structural models. Oxford University Press now provides free online access to the editorials of this and all other Special Issues.

The Denis Sargan Econometrics Prize was awarded to Matt Goldman and David M. Kaplan for their article “Non-parametric inference
on (conditional) quantile differences and interquantile ranges, using L-statistics” in the Journal’s June 2018 issue. Matt and David’s prizewinning article provides novel methods for nonparametric inference on unconditional and conditional quantile differences and interquantile ranges, with ample guidance for practitioners. It illustrates its usefulness with empirical applications to the analyses of economies of scale in household consumption and worker effort in a gift exchange experiment.

The Journal was not immune to Covid-19. It was forced to postpone its Special Session on Econometrics of Dynamic Discrete Choice, with presentations by Victor Aguirregabiria and Martin Pesendorfer, and Serena Ng’s Sargan lecture at the cancelled 2020 Annual Conference. It also had to pause plans for a workshop on experiments and structural econometrics. To aid the analysis of the pandemic, the Editors strived to publish quickly papers demonstrating the use of modern econometrics in such analysis. The first of these, a paper by Stanley Cho that applies synthetic control methods to quantify the impact of Sweden’s early Covid-19 response on infections and mortality, was included in the September 2020 issue.

The Journal continued to check that all published papers come with complete, properly documented, and functional replication packages. These checks were pioneered in 2017 and are now handled routinely by a small local team of research assistants. In 2021, the Society’s Data Editor will adopt this task into his team’s work for the Economic Journal.

The Editors rely heavily on the fast and high-quality peer review, advice on editorial matters, and ambassadorship of some of the world’s finest econometricians, the Journal’s Associate Editors. They are happy to report that Raffaella Giacomini joined the Journal as an Associate Editor from 1 January 2020 and that Dacheng Xiu, Daniel Wilhelm, Demian Pouzo, Drew Creal, Marine Carrasco, Koen Jochmans, and Michal Kolesar agreed to join from 1 January 2021.

Of course, the Associate Editors cannot do all the work. The Editors warmly thank the many colleagues who have assisted the Journal as anonymous referees.

To aid the analysis of the pandemic, the Editors strived to publish quickly papers demonstrating the use of modern econometrics in such analysis.

Editors’ Choice – recent articles

These articles published by The Econometrics Journal have been handpicked by the editors for their outstanding research. All the articles listed below are free to read online, as are the Editors’ Choice papers from 2019.


For a full list, please see: https://academic.oup.com/ectj/pages/editors-choice

For the RES Annual Conference 2018, Special Issue on Structural Macroeconometrics, see The Econometrics Journal, 24(1), January 2021.
Peter Neary 1950–2021

As many readers will know, Past RES President Peter Neary died on 16 June 2021. Tim Besley, RES President, has made a statement on behalf of the Society:

“It is with great sadness that the Royal Economic Society received the news that J. Peter Neary, a former President, has passed away at the age of 71. Peter was an eminent trade economist with many influential contributions, among them his classic paper on Deindustrialization and the Dutch Disease, published in the Economic Journal. Peter was a much-valued member of the economics community in Ireland, the UK, and Europe more generally. In 2014, he chaired the REF panel in Economics and Econometrics, a task that he handled with aplomb. Like everything that Peter did, he took on the role as President of the RES in 2017 with dedication, seeking ways to increase the relevance of the Society and enhancing its standing. A larger-than-life presence in any gathering that he joined, he will be missed by all who knew him. On behalf of the Society, I send our heartfelt condolences to his colleagues, friends and, above all, his family.”

A full obituary will appear in a future issue of the newsletter.

Discover Economics

Discover Economics has been busy as ever. We’re very happy to introduce Anuoluwapo Adenuga to the team as Communications Officer. Anuoluwapo has launched our Instagram account and kicked off our fortnightly Newsletter! Make sure you follow us @DiscoverEcon and sign up at: www.discovereconomics.co.uk.

We’re also very proud of our new podcast ‘How Did I Get Here?’. Listen to our host Jennifer as she talks to economists from a whole range of backgrounds and explores how they got to where they are today. You don’t want to miss guests such as Andy Haldane, Ben Chu, and Sharon White. Listen to our latest episode on your favourite podcast app. Like, subscribe, and share with everyone you know!

For Pride Month in June we were over the moon to host ‘Pride in Economics’ in collaboration with the RES. The event was chaired by Evan Davis and celebrated the stories and journeys of LGBTQI+ economists including Past President Dame Carol Propper!

Coming up this month we have our Careers event taking Year 10 students on a journey of discovery through the different career opportunities available to people with economics degrees. Participants will get to hear from practising economists from a wide range of sectors about the work they do, and why they love being an economist.

RES CONFERENCE 2021

For anyone who may have missed a key session at the 2021 RES conference, we have made some of the conference content available on our website for you to enjoy at your leisure.
Knowledge Transfer Projects grants

For successful applicants, these will provide funding up to £2,000 for projects to share expertise between academic and non-academic economists, or related fields. The deadline is 30 September 2021. Please see the RES website for details.

Essay Competition

The 2021 Young Economist of the Year competition is now open, organised by the RES in partnership with the FT. The deadline for submissions this year is 25 July, with the winner to be announced in the autumn. Entrants are asked to submit an essay of up to 1,000 words on one of five given topics. The competition is for year 12 and year 13 students and their equivalents in Scotland and Northern Ireland. For more, including eligibility criteria, visit: https://www.res.org.uk/essaycompetition.html

Developments in Economics Education

The Economics Network’s eleventh Developments in Economics Education (DEE) Conference will take place on 1–3 September 2021 at Heriot-Watt University, Edinburgh. The Developments in Economics Education conference is an opportunity to showcase research, innovation, and best practice in economics teaching. It is Europe’s leading conference on economics in higher education. At the time of writing, the organisers hope that the conference can be held in person at Heriot-Watt. However, the Economics Network are seeking to maximise the possibility of online participation for those prevented from travelling.

RES Annual Conference 2021

The 2021 RES Annual Conference was held on 12-14 April 2021. The programme featured three keynotes, two Past President Addresses, three new Lunchtime Chats, as well as a wide range of special and general sessions. A number of sessions including several keynotes and each Lunchtime Chat can be viewed at: https://www.res.org.uk/resource-library-page/videos.html

RES Presents 2021

RES Presents is an established fixture in the Society’s calendar and a great way to promote economic debate among the wider public. This year’s event took place on 15 June supported by Queen’s University Belfast and the Irish Economic Association. Speakers included Dr Martina Lawless, Economic and Social Research Institute; Dr Esmond Birnie, Ulster University Business School; Stephen Kinsella, University of Limerick; and Stuart Anderson, Confederation of British Industry. The event was chaired by RES Past President Dame Carol Propper.

To watch the recording please go to: https://www.youtube.com/user/RoyalEconomicSociety

To contribute to the newsletter

If you have an idea for a feature, details of an event, a proposal for an obituary, or would like to contribute a Letter to the Editor, please write to Jon Temple at jon.temple@zohomail.eu and cc your message to resnews@res.org.uk

In the next issue

Climate change
A profile of Lord Stern
“It’s different in infinite dimensional spaces,” or so Peter Phillips said, part way through his Denis Sargan lecture at the 2002 Royal Economic Society conference at Warwick University. An arresting line, but the next few minutes could have been, for all I knew, taken from “A Hitch-hiker’s Guide to the Galaxy”. I could tell it was a brilliant lecture, and so the other eminent econometricians present confirmed, but it was too much for a humble mortal to grasp.

… the Women’s Committee Reception stood out as the only opportunity for decent networking. (I did meet some extremely cheerful people wearing cowboy hats in the bar on the second evening, but they turned out to be from a different conference altogether and couldn’t discuss unit roots or growth accounting, even after a few pints.)

… I went on to hear David Hendry (Nuffield College, Oxford) who noted […] that the models needed for economic analysis and those needed to make good forecasts of the economy are different. He cited a recent Washington Post headline – ‘Never a Crystal Ball When You Need One’ – to make the point that it’s the things we don’t know we don’t know that are the problem.

… To my mind, the developments in statistics are just about the most challenging area of all the [New Economy] research. For the precision needed to collect statistics demands the utmost clarity of thought about the underlying economic concepts. So far, I think economists are failing the statisticians, demanding ‘better’ measurement without offering the conceptual advances that would make it possible to meet that demand - or, indeed (with honourable exceptions) bothering to pay enough attention to what the statisticians are actually doing.

… [The conference] did also leave me wishing that there had been a bit more evidence of academic interest in what is preoccupying both other professional economists and wider audiences, and not so much obsession with the RAE [the forerunner of the REF].

… It is especially in a subject like globalisation, overly-fashionable and crowded with pundits, that economists need to make themselves heard. For the abdication of serious researchers leaves the way open for all kinds of nonsense to become conventional wisdom, and contributes to the ebbing of public confidence in economics. To invert David Hendry’s comment, although we don’t know what we don’t know, we do know what we know, and ought to be getting the message out.

“I could tell it was a brilliant lecture, and so the other eminent econometricians present confirmed, but it was too much for a humble mortal to grasp”
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