Happy New Year?

As Alan Kirman says in his ‘Letter from France’ ‘My last letter finished with the pious hope that 2017 was going to be an improvement on the previous year...it has been a close call’. It would be nice to think that 2018 will be an improvement on 2017, but this too might turn out a pious hope, at least for those with their attention focused on the UK economy. While the Eurozone, Asia and the USA are forecast to enjoy an unusual simultaneous increase in economic growth, the UK has been subject to several downgrades in the last few months. In January 2017 it was possible just to express pleasant surprise that the negative effects of the Brexit referendum had not materialised (ignoring the fall in sterling). But they’ve arrived now as we show here, and the downgrades in growth are predicated on the view that some adverse effects have still to arrive. Looking further ahead, though, perhaps there will be benefits. Patrick Minford argues that the consensus is too pessimistic — and we do know that forecasts can be wrong. One wouldn’t normally wish that to be the case, but perhaps we can hope it is the case for the gloomiest of the outlooks.

Normally the January Newsletter includes the annual reports of our journal editors — the Economic Journal and the Econometrics Journal. Beginning this year, those reports will appear in the April issue, though we have got a note here from the EJ editorial office about an improvement in the EJ’s impact factor. Fortunately, there’s no shortage of interesting material including reports of some interesting ‘outreach’ projects, a bold increase for a call in higher taxes to improve the UK’s public services, economists views on the trend and significance of house prices, amongst others.
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 Latin quote comes from Virgil and speaks of the drive of bees.

For membership benefits, subscription fees and how to join the Society, see back cover or go to: www.res.org.uk

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

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Deadline for submissions 16 March 2018
M y last letter finished with the pious hope that 2017 was going to be an improvement on the previous year. I have to admit that it has been a close call. What has dominated the news here has been the remarkable election of Macron, portrayed by some of the media and many of the intelligentsia as a reassuring move back to the centre, with reasonable not too liberal economic policies and a more progressive view on the social front.

The role of the tweets
To understand why this is not the case it is worth taking a look at how Macron managed to become president. In the early part of the year, the primaries threw up two candidates, François Fillon on the right and Benoit Hamon on the left to whom should be added the candidates who were from parties which did not hold primaries and those who had no party as such. A fascinating analysis of the evolution of the communities associated with each candidate was undertaken by the Institut pour la Complexité in Paris headed by David Chavalarias. The idea was to profit from the huge amount of data now available on the Web and, in particular to focus on the tweets and re-tweets of people involved in the presidential campaign. The method was relatively simple but difficult to implement because of the sheer quantity of information involved.

There are many ways in which one might wish to look at the evolution of groups supporting the various candidates in an election, and the method chosen by Chavalarias and his colleagues concentrates on tweets. In the context of the 2017 French presidential elections, they developed the Politoscope, an open platform for the analysis of political tweets, which was used to collect and analyse almost 60 million Twitter exchanges between more than 2.4 million users. They used this data to build a case study, and, in their words, ‘to present a method allowing the socio-semantic trends of a multipolar political environment to be automatically monitored’. How did they do this and how did they set about about identifying the clusters or communities associated with the different candidates? First one has to reflect on what constitutes a link between two twitter accounts.

The authors argue that, in order to rank accounts according to their political orientation, it appears that the use of re-tweeting is much less common with differently disposed individuals. They identify social groups in the political twittosphere as ‘dense networks of accounts that recurrently relay content, without modification, between each other’. Their system captured the real time activity on the political twittosphere for a period of 11 months prior to the presidential election. 3700 original accounts were used for this process and they included candidates and a number of politically prominent figures to get the ball rolling. With these were then linked the people who received or sent tweets to them. Then there was the process of counting retweets and this was followed by the use of clustering algorithms to determine the groups to which people belonged. The size of the database expanded rapidly and in addition it evolved over time. Since individual accounts were identified, movements of individuals from one group to another could be observed.

The presidential outcome
Two things are worth noting. Firstly, the affiliations of voters before this election were extremely volatile. Francois Fillon, the enormous favourite at the beginning of the campaign was drowned in the Penelopegate affair (he was accused of misusing public money to pay his wife for an essentially fictitious job). The right had a natural alternative candidate, Alain Juppé who was somewhat more moderate than Fillon but who had been strongly opposed by Sarkozy the ex-president and by Fillon’s followers. Here is where the Politoscope analysis becomes interesting. There was a clear campaign on the right by those in the Fillon and Sarkozy camps to block Juppé. This left the door open for those who had been with Juppé to move to Macron. So, the right tore itself apart but what happened on the left? How did the official socialist candidate Benoit Hamon do so badly? Firstly those on the ‘extreme left’ led by Mélenchon mounted a campaign to discredit Hamon, secondly, those to the right of the socialist party like Manuel Valls the former prime-minister, were only too happy to join the Macron bandwagon, and to argue that Hamon’s idea of a universal basic income was simply unaffordable. All of this led to the following outcome for the first round of the election.

**Official first round result**
- Macron 24.01%
- Le Pen 21.3%
- Fillon 20.01%
- Mélenchon 19.58%
- Hamon 6.36%

Letter from France — Le Retour de Napoléon?

*In his latest Letter, Alan Kirman looks at the implications for French politics of electing a President without a party background.*
Predictions as to how this would translate into votes in the second round varied considerably but the famous
glass ceiling for the extreme right still seems to be there.

**Official second round result**
- Macron 65.5%
- Le Pen 34.5%

However, the ceiling is much less effective than when
Jacques Chirac faced Marine Le Pen’s father in the sec-
round in 2002. Then, Chirac led on the first round
with less than 20 per cent and went on to obtain 82 per
cent in the second round.

**The legislative elections**

Next, came the legislative elections where many had fore-
cast that Macron’s ‘party’ would not do too well, since it
was not really a ‘party’ and that there were many deputés
from the previous parliament who would be re-elected
because of their good reputation with local voters even
though they had not backed Macron., The contrast was
with Chirac in 2002 who having demolished Jean-Marie
Le Pen could count on a solid and well organised party
and parliamentary support and went on to win 398 seats.

The truth this time was a sort of half-way house with,
after the second round, Macron’s party, *En Marche*,
obtaining 43 per cent of the votes cast but getting 306
seats. 53 per cent of the total in Parliament to which
should be added the 44 seats of their allies the MODEM.
This, unlike Chirac’s victory, does not appear to be an
overwhelming majority but given the fragmented nature
of the opposition it should prove to be sufficient to gov-
ern. It is also worth noting that Macron’s party obtained
its seats with the votes of only 17 per cent of the regis-
tered voters. This was because 57 per cent of those regis-
tered did not vote and 10 per cent of those who did voted
‘blanc’ or ‘null’. A victory with so little popular support
was not destined to bring cheering crowds into the streets
and indeed it did not. One other thing that is important is
that, because of the law forbidding people to hold two
elected offices many former députés did not run for re-
election. Furthermore half of Macron’s candidates had
never held any elected position.

What was the consequence of all this for Macron? With
a very sketchy programme and a largely inexperienced
majority he decided to implement some of his electoral
promises by decree rather than through the normal leg-
islative process. Looking at his performance so far, it is
clear that the collection of people behind him in parlia-
ment is divided into two camps. On the economic and
security front he has already shown signs of his faith in
what has come to be called neo-liberalism. Together with
those on the right who rallied to his cause his message is
clear. Deregulate the markets, particularly the labour mar-
kets and many of France’s economic woes will disappear!
Indeed, the French, apparently weary of the whole politi-
cal process, did not protest mightily at the passing of the
new labour law although it substantially exacerbates the
precariousness of employment and, while doing little to
protect workers, is welcomed by employers since it makes
firing part of their labour force easier. This will not, many
of us believe, alleviate unemployment but maybe this time
is different, to quote Reinhart and Rogoff. The standard
argument used to justify this approach is to say that we
have to move from protecting particular jobs to protecting
those in the labour market. In other words you may lose
your job but we will take care of you till you find the next
one and that will happen much more rapidly once the new
measures bear their fruits. However, there is still a strong
identity attached to one’s job and surveys have shown that
most people want ‘a steady job’ and not the knowledge
that when their job disappears they will easily find another.
This may be unreasonable but it has strong psychologi-
cal roots. Furthermore, Macron has done little to reassure
the average worker about his esteem for them. His move
to cancel the payment of salary for the first day of sick
leave carries the strong hint that France is full of people
just waiting to take time off from work. Perhaps we
should be moving into the twenty-first century and trying
to rethink the whole notion of work and its place in soci-
ety but there is little sign of that.

**Security and the environment**

As far as ‘security’ goes, Macron has shown himself to be
more radical than his European counterparts. We are told
that it is regrettable that of over 80,000 demanders for asy-
lum last year only 27,000 were accompanied to the fron-
tier and deported! Furthermore a ‘major law’ is in prepara-
tion to limit immigration further. Interior Minister
Gerard Collomb said 11 places of worship have been
closed ‘for incitement to commit terrorist acts’ under the
state of emergency and 41 people are under house arrest
because they have links to organisations spreading
extremism and hatred. The State of Emergency, strongly
favoured by the right, has finally been lifted but not by
restoring the normal legal rights of individuals but rather
by enshrining the ‘exceptional measures’ in normal law.

But given the differences in the positions of those in his
party he has to make gestures to all sides and the question
is where do his own convictions lie? The fact that he
picked up as many supporters on the left as on the right,
suggests that it must be the case that there are some areas
in which Macron is more ‘progressive’. After all, his
minister for the environment Nicolas Hulot is a hero of
the ecologists. Indeed, on the climate front it might seem
that Emmanuel Macron had taken a clear stand. He con-
fronted Trump directly, inventing the slogan, ‘Our planet
first’ and convoked a meeting in December in Paris
called the ‘One Planet Summit’ with various forms of
couragement for those who had opposed the Trump
stand. There he said, ‘We are losing the battle’ echoing
the words of Jacques Chirac 15 years ago, ‘Our house is
burning and we are looking elsewhere’. Unfortunately,
we are now no longer looking elsewhere but the house
is still burning. We have not yet managed to make a con-

...cont on p.6
In June 2017, the 2016 Impact Factors were released and we are delighted that the *Economic Journal* saw an increase in its two-year Impact Factor over 2015, to 2.608 from 2.370 (the taller bars in the chart below).

Not shown, but also welcome, is the journal’s five-year Impact Factor also increased from 3.578 in 2015 to 3.859 in 2016.

**The Economic Journal on ‘Google Scholar’**

‘Google Scholar’ has produced a new ranking of economics journals, based upon citations of articles published in the last 5 complete years (2012-16). In this ranking the *Economic Journal* ranks 13th (just ahead of the *Journal of the European Economic Association* in 14th place and just below the *Journal of Political Economy* in 12th place). Focusing more narrowly on academic refereed economics journals, this ranking places the *Economic Journal* as the 10th most cited.

**Altmetric Statistics November 2017**

An alternative to using citations as a measure of scholarly impact in the last few years has been the development of ‘altmetrics’ as an alternative. Altmetrics use a wider range of impact measures (or definitions of ‘impact’). They can include (but are not limited to) peer reviews on Faculty of 1000, citations on Wikipedia and in public policy documents, discussions on research blogs, mainstream media coverage, bookmarks on reference managers like Mendeley, and mentions on social networks such as Twitter. One of several organisations providing this service is Altmetric.com.

- In the last 12 months, 351 *EJ* articles received online mentions recorded by Altmetric. A large part of the activity came from tweeters, who contributed 4,139 tweets collectively. This is up from 2016, when 161 *EJ* articles received online mentions recorded by Altmetric.

- *EJ* articles were mentioned in 664 policy papers, published by the UK Government (GOV.UK), the Institute for Fiscal Studies, Chatham House, the National Bureau of Economic Research, and Australian Policy Online, to name but a few. Again, this is up from 2016, when *EJ* articles were mentioned in 121 policy papers.


- 180 blogs, such as the LSE Business Review, Microeconomic Insights, Aguanoics, Big Think, BREXIT, and Manchester Policy Blogs, have mentioned *EJ* articles in the past year.

- There were 80 Wikipedia pages that mentioned articles (56 Wikipedia pages in 2016); sometimes with articles being referred to in separate pages (8 articles had more than one mention).
In the past year, Altmetric has recorded 92 Facebook wall posts that mention EJ articles up from 15 in 2016.

The highest Scoring Altmetric article in the last 12 months is: ‘Are you happy while you work?’ by Alex Bryson and George MacKerron with a score of 644. These mentions come from 67 news stories (from 66 outlets, including BBC News, NBC, Fox News, and Newsweek), from 131 tweets (from 117 users), as well as from blogs and Facebook.

Top downloads in 2017
The most popular downloads of papers published in the EJ during 2017 are as follows:

‘Are You Happy While You Work?’ by Alex Bryson and George MacKerron

‘Longitudinal Evidence for a Midlife Nadir in Human Well-being: Results from Four Data Sets’ by Terence C Cheng, Nattavudh Powdthavee and Andrew J Oswald

‘Does Quality Affect Patients’ Choice of Doctor? Evidence from England’ by Rita Santos, Hugh Gravelle and Carol Propper

‘Second-Degree Moral Hazard In A Real-World Credence Goods Market’ by Loukas Balafoutas, Rudolf Kerschbamer and Matthias Sutter

‘Health Insurance Without Single Crossing: Why Healthy People Have High Coverage’ by Jan Boone and Christoph Schottmüller

‘Two-way Capital Flows and Global Imbalances’ by Pengfei Wang, Yi Wen and Zhiwei Xu

‘Books are Forever: Early Life Conditions, Education and Lifetime Earnings in Europe’ by Giorgio Brunello, Guglielmo Weber and Christoph T Weiss

‘How Social Preferences Shape Incentives in (Experimental) Markets for Credence Goods’ by Rudolf Kerschbamer, Matthias Sutter and Uwe Dulleck

Stealing to Survive? Crime and Income Shocks in Nineteenth Century France by Vincent Bignon, Eve Caroli and Roberto Galbiati

Jewish Persecutions and Weather Shocks: 1100-1800 by Robert Warren Anderson, Noel D Johnson and Mark Koyama

Letter from France

So, Macron’s energetic confrontations with Trump and his appeals to philanthropists and to large corporations to resort to ‘green finance’ on the environmental front, by which is meant financing less energy consuming and less polluting activities, have not yet, proved to be more than gestures. Yet, even in making these gestures to placate the left, he reveals his instinct to rely on the private sector, and the financial sector in particular, to solve fundamental problems. But, much more than this will be needed as we have to move from an emphasis on reducing emissions to actually reversing them through carbon capture.

Meanwhile despite his clarion calls for international action at the public and private level, Macron’s overall commitment to the environment is far from clear, his pragmatic attitude to nuclear powered electricity, his compromise on glyphosate and his ratification of the CETA transatlantic trade treaty, which has been severely criticised by the ‘greens’ leaves room for doubt. Here again the division within the government is clear with Nicolas Hulot sitting uncomfortably between two stools. We will know more when the government decides whether or not to proceed with the construction of the new airport near Nantes. Here the two factions are at loggerheads, the socially and environmentally engaged against a variety of commercial interests. The decision will show who has the upper hand. So what we see is Macron making gestures to the left on their favourite issues such as the environment but with little real evidence that these are more than gestures. He is hardening his line on immigration and the economy to satisfy the right. However, to avoid getting bogged down in fights between the two groups he has launched himself with enthusiasm onto the international front and particularly the European front with a clear call for closer integration.

So the situation is becoming clearer. As Merkel faces her own difficulties Macron now sees the same sort of hole opening up on the European front as the Politoscope revealed in the French elections. But is this strategy, starting with the reinforcement of European institutions a real option? Will he be able to lead that fight and with which allies? Domestically he takes a strong personal approach to implementing measures, since there his majority is big and composed of different but inexperienced members of parliament who can be easily overruled. However, content with being able to play the strong man at home, will he not be tempted to adopt a Napoleonic attitude towards Europe? His surprisingly low popularity ratings at home do not seem to provide the ideal base from which to conquer Europe but, on ne sait jamais!

Note:
1. All the details of their methodology and their results can be found in Noe Gaumont, Maziyar Panahi, David Chavalarias. Methods for the reconstruction of the socio-semantic dynamics of political activist Twitter networks: Application to the 2017 French Presidential elections. hal-01575456
The costs of Brexit - already

Whether the decision by the UK to leave the EU turns out to be a wise one or not is a question for future generations. Even then, we can be pretty sure that economic historians will have plenty to argue about since the strict logic of the answer involves an appeal to a counterfactual that cannot be known with certainty. That said, in the month before we went to press, a number of reports and analyses were published that appeared to show that the effects of leaving have so far been negative.

The CEP, inflation and real wages
On 20th November, the CEP\(^1\) released the ‘The Brexit Vote, Inflation and UK Living Standards’, the 11th in its series of Brexit Analysis Papers.\(^2\) The paper focuses on the effect of sterling’s depreciation on inflation and real wages. It estimates that the 10 per cent depreciation increased inflation by 1.7 percentage points above what it would otherwise have been. While accepting that the precise figure may be subject to error, the fact of a substantial increase is not. Taking the figure of 1.7 per cent, implies that by June 2017, the Brexit vote was costing the average household £7.74 per week through higher prices. That is equivalent to £404 per year. Higher inflation has also reduced real wage growth. The impact of the referendum is equivalent to a £448 cut in annual pay for the average worker or about one week’s wages for the average worker. Although households at all income levels and in all UK regions have experienced higher inflation because of the referendum and the costs have been evenly shared across the income distribution, there have been differences in regional impacts, regions. The effect has been lowest for households in London while households in Wales, Scotland and Northern Ireland have been worst hit. Thomas Sampson, leader of the research team comments: ‘Even before Brexit occurs, the increase in inflation caused by the Leave vote has already hurt UK households’.

The Financial Times and GDP
On 20th December\(^3\) the FT published its own estimate that ‘...the value of Britain’s output is now around 0.9 per cent lower than was possible if the country had voted to stay in the EU.’ According to the FT the ‘loss’ of 0.9 per cent is the average of losses ranging from 0.6 to 1.3 per cent, drawn from 14 different counterfactuals. Converting that 0.9 per cent into an absolute figure produces the irresistible comment that this ‘...equates to almost exactly £350m a week lost to the British economy — an irony that will not be lost on those who may have backed Leave because of the claim made on the side of the bus.’ On the fiscal implications of this lost GDP, the FT quotes Paul Johnson of the Institute for Fiscal Studies: ‘If 0.9 per cent of GDP has been lost over the five quarters for which data exists, there has already been a £9bn hit to the public finances. So even before the UK has left the EU, the referendum result is costing the UK government more than can possibly be recovered by ending net contributions to Brussels.’ The FT’s estimate of the UK’s 2017 growth rate is about 1.5 per cent.

The IMF, experts and growth
1.5 per cent is very close to the 1.6 per cent to which the IMF said on 18th December it was lowering its estimate of the UK’s growth rate.\(^4\) In the lead up to the referendum, the IMF had already reduced the UK’s forecast growth rate to 1.7 per cent, accompanied this with predictions of increased inflation, a squeezing of real wages and a slowdown in investment. It was this gloomy forecast that provoked Michael Gove’s famous remark that ‘...the UK public had had enough of experts.’ Introducing the IMF’s latest report, its managing director, Christine Lagarde, said: ‘...what we are seeing is that the narrative we identified as a potential risk in May 2016 is actually being rolled out as we speak....This is what we are seeing. It’s not experts talking, it’s the economy demonstrating that.’

Economics Network
The Economics Network’s spring workshop for early careers teaching staff will run again in April 2018.

12th & 13th April 2018, University of Oxford

This workshop is an interactive two-day event for early careers staff focused on effective and innovative economics teaching. The workshop is endorsed by both the Royal Economic Society and Scottish Economic Society, and sessions are mapped against the UK Professional Standards Framework.

Further information is available on the website at: www.economicsnetwork.ac.uk/events/earlycareers
New academic institute based at UCL

October 2017 saw the launch of the Institute for Innovation and Public Purpose at UCL.

A popular image of the state-private sector relationship is one in which the former acts as a drag and a hindrance to the latter through the debilitating effect of taxes and regulation on entrepreneurship. In the last few years, however, Prof Mariana Mazzucato has shown just how misleading this image is. Her best known work is the much acclaimed book *The Entrepreneurial State: debunking public vs. private sector myths*. First published in 2013, this book found its way onto the Financial Times’s ‘Book of the Year list’ in that same year. The UCL Institute for Innovation and Public Purpose (IIPP) was founded by Professor Mazzucato with the aim of showing how closely dependent upon the state modern innovation is and using this lesson to promote governments’ use of mission-oriented policies to foster socially useful innovation.

In her book, Prof Mazzucato attacks the popular stereotype of a lumbering, bureaucratic state versus a dynamic, innovative private sector. In a series of case studies — from IT, biotech, nanotech to today’s emerging green tech — Professor Mazzucato shows that the opposite is true: the private sector only finds the courage to invest after an entrepreneurial state has made the high-risk investments. In an intensely researched chapter, she reveals that every technology that makes the iPhone so ‘smart’ was government funded: the Internet, GPS, its touch-screen display and the voice-activated Siri. Mazzucato also controversially argues that in the history of modern capitalism the State has not only fixed market failures, but has also actively shaped and created markets. In doing so, it sometimes wins and sometimes fails. Yet by not admitting the State’s role in such active risk taking, and pretending that the state only cheers on the side-lines while the private sector roars, we have ended up creating an ‘innovation system’ whereby the public sector socializes risks, while rewards are privatized. The book considers how to change this dysfunctional dynamic so that economic growth can be not only ‘smart’ but also ‘inclusive’.

The aim of the IIPP is to lead a debate about the direction of economic growth and governments’ use of mission-oriented policies to confront the world’s most urgent challenges: from climate change to inequality and the problems facing ageing societies. Its work will feed into policies on innovation, financial reform, institutional change and sustainable development. IIPP will systematically rethink how public value is created, nurtured and evaluated.

Speaking at the launch of the IIPP, Michael Arthur, President and Provost of UCL, stressed the importance of its location in ‘The Bartlett’, UCL’s Faculty of the Built Environment. which already has a reputation for new responses to pressing world issues through a number of interdisciplinary centres. The interdisciplinary nature of the IIPP itself can be seen in its Advisory Board which brings together a broad and interdisciplinary range of practical expertise from academia, policy, business and the arts.

- Mike Bracken — Partner, Public Digital; Co-founder of Gov.uk;
- James K Galbraith — Lloyd M Bentsen Jr Chair in Government/Business Relations and Professor of Government, University of Texas at Austin;
- Jayati Ghosh — Professor of Economics at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi;
- Hermann Hauser — Co-founder of Amadeus Capital;
- Dan Hill — Associate Director at Arup and Head of Arup Digital Studio;
- Hadeel Ibrahim — Founding Executive Director of the Mo Ibrahim Foundation;
- Roly Keating — Chief Executive Officer, the British Library;
- Stephanie Kelton — Professor of Economics at the University of Missouri-Kansas City;
- Roger Martin — Institute Director, Martin Prosperity Institute, University of Toronto;
- Cornelia Parker — Artist; Honorary Professor Manchester University and Honorary Fellow of Queen Elizabeth Hall, Oxford;

For more information:
Potential PhD students — iipp-enquiries@ucl.ac.uk
Partnerships — ucl.ac.uk/bartlett/public-purpose/partnerships
Alan Penn — Dean of The Bartlett; Professor in Architectural and Urban Computing, UCL;
Carlota Perez — IIPP Honorary Professor; Centennial Professor, London School of Economics;
Jeffrey Sachs — Special Advisor to UN Secretary-General Antonio Guterres

Specific themes, currently pursued within the IIPP’s portfolio are:

- Public value for public purpose
- Rethinking health innovation
- A green economy for sustainable growth
- Public-private partnerships in space
- Mission-oriented innovation policy
- Governance and digital transformation
- Patient finance and state investment banks
- Inclusive growth: risks and rewards
- The state’s role in technological revolutions

In addition to promoting research in these areas the IIPP will offer undergraduate and graduate courses as well as executive education for policy and business leaders — from the UK and around the world. A key priority is to train the next generation of leaders to create, justify, nurture and evaluate transformative policies. Courses will use an interdisciplinary and practice-based approach to innovation studies, policy evaluation and the theory of public value generation.

A cornerstone of IIPP thinking is that policy should be seen as a process of experimentation. With this in mind it seeks to encourage public engagement on key issues through a series of partnerships. Through them global policy-makers can share their experiences around strategic priority setting, organisational innovation and dynamic evaluation tools — with the goal of empowering the pursuit of public-value driven innovations.

Contact details are given on the page opposite.

RES replication policies

That the results of research papers can be easily replicated is commonly regarded as being of central importance and as an integral and essential part of any and all scientific investigation. In 2018, both of the Society’s journals — the Economic Journal (EJ) and the Econometrics Journal (EctJ) — will be implementing a new replication check for empirical and experimental papers. This follows a successful pilot that EctJ has been running since August 2017.

The new policy introduces rigorous checks of the replication packages for accepted papers before publication. These checks focus on verifying that the packages are well documented, can be run with some reasonable effort on typical academic computing platforms and replicate the reported results. The checks limit the publication of glaring mistakes by forcing authors to double check their data, code and results before publication. They also ensure that empirical and computational results are replicable and that proposed methods can easily be used, thus increasing the credibility and usefulness of the journals.

Note that the journals’ editors do not intend to check for robustness, appropriateness of methods, etc. Rather, they will simply check whether the submitted software and data are consistent with the results reported in the papers.

Details on the journals’ replication policies can be found here:


Current debates on the replicability of scientific research suggest that many replication packages do not deliver and that the ‘market’ is unlikely to sort this out by dutifully replicating published papers. The Society believes that EJ and EctJ should become leaders in assuring replicability of scientific research in economics.

Econometrics Journal - Special Issue on Econometrics of Networks Published

The Econometrics Journal has published a ‘Special Issue on Econometrics of Networks’.

The Editorial Board of the Econometrics Journal occasionally commissions Special Issues on subjects of current interest and importance. The Econometrics of Networks is such a subject. Data on networks of individuals, firms, regions, etc., are increasingly available and allow for detailed analysis of the economic and social interactions that shape our world. The careful analysis of networks and the interactions that they facilitate requires advanced and often new econometric models and methods. This Special Issue contains seven papers that offer such advances in the economic analysis of networks. They cover methods for the empirical analysis of both network formation and the effects intermediated by networks, with applications to peer effects, regional growth spillovers, international trade and market microstructure in finance. They were selected for the Special Issue in an editorial process overseen by Jaap Abbring, then Co-Editor and now Managing Editor, and Áureo de Paula, Associate Editor of the Econometrics Journal.
The Royal Economic Society supports the CORE project

CORE is an international initiative created in 2013 as a response to concerns that the economics curriculum was becoming disconnected from the needs of learners, economics departments and employers, and also from the lived experience of potential students. The interactive online version is available both in desktop and mobile versions. The Newsletter has frequently reported on its progress, most recently in April this year (no. 177). Alongside the online ebook, there is now a paper copy of the text published by Oxford University Press.

The Royal Economic Society has announced a three-year funding programme for the CORE project. The funds will help to train and build networks of teachers who wish to switch to use CORE’s approach to teaching economics, and to introduce the material to PhD students and new lecturers. CORE will partner with the Economics Network to deliver this work.

CORE, which stands for Curriculum Open-access Resources in Economics (www.core-econ.org), is an international collaboration of researchers that has created an online, free, introductory economics ebook called The Economy. It is already the basis of the first year of economics degrees offered by more than a dozen universities in the UK, including University College London, King’s College London, and The University of Bristol. It is currently creating a new course in economics for students in other degree programmes, CORE EQuSS, funded by the Nuffield Foundation. Alongside the free interactive ebook, Oxford University Press published a paper copy of The Economy, priced at £39.99 to make it accessible to as many students as possible. As we go to press the book is already in its fifth imprint due to high demand.

More than 60 universities around the world are using CORE in instruction. New additions to the CORE network, from January 2018, will be the University of Pretoria with 2,500 students being taught with CORE and the American University of Afghanistan. Over 60,000 students and 6,000 teachers have registered to use the resource.

The new CORE website (www.core-econ.org) went live in September, bringing better user experience and providing the ability to host multiple projects, e-books, and sets of resources. The biggest change is on the home page where users are presented with our interactive resources. ‘Supporting activities which build a wider engagement in and understanding of economics will be a key part of the RES’s strategy in the coming years’, said Leighton Chipperfield, RES Chief Executive. ‘CORE is helping students apply the tools of the discipline to some of the major issues of our time. In announcing this support, the Society encourages more teachers and students to benefit from its innovative approach.’

‘We are delighted that the Royal Economic Society is supporting CORE in its objective of making economics an exciting and accessible subject relevant to the complex problems we face’ says Wendy Carlin, Director of the CORE project. ‘Early results suggest that students thrive on CORE, and perform better in the later years of their degrees if they study using CORE in the first year.’

‘The Economics Network has always encouraged economics staff to engage with the latest advancements in pedagogy. CORE’s unique approach to content facilitates innovative and effective teaching by developing the tools of economics through active student engagement with complex real-world issues. We are excited to be involved with this initiative and look forward to creating networks of less and more experienced users of CORE with the aim of building a community of curriculum innovators in economics.’ Alvin Birdi, Director of the Economics Network.

RES has committed a cash grant of £15,000 per annum for three years, beginning in 2018, to help train teachers, PhD students and teaching assistants who wish to find out about CORE and how to switch to using the course. This will be coordinated with an initiative already underway at CORE USA, based at Barnard College, Columbia University.

Note:
1. Further information about the CORE project is available at: www.core-econ.org and from the CORE Project Manager, Luka Crnjakovic (luka@core-econ.org)
The November CFM-CEPR expert survey explored two aspects of recent developments in UK house prices:¹

• First, it considered what respondents think is behind the recent developments considering, for example, potential roles for a delayed effect of Brexit and higher interest rates.

• Second, it asked about the likely effects on the UK economy of a continued cooling of the housing market.

Developments in UK regional house prices

One view is that the slowdown in London house prices is a sign of likely future developments in the rest of the UK. Such a view stresses signs of cooling in the housing market. For example, mortgage approvals fell to 66,232 in September (a three-month low). Housing transactions decreased by 1.8 per cent between August 2017 and September 2017.²

The September 2017 RICS survey’s main indicators³ on demand and sales ‘both slipped deeper into negative territory, with this subdued picture anticipated to persist over the coming months.’ The RICS survey results also suggest that London is the weakest of the UK regions but is certainly not alone in experiencing a slowing housing market. And to the extent that the Bank of England’s November increase in interest rates is the start of a gradual normalisation of interest rates, higher mortgage costs will contribute to lower demand in the whole country.

On the other hand, some of these signs of housing market weakness are less pronounced than had been expected previously. For example, the September mortgage approvals outturn was slightly above the mean of a Reuters’ poll of economists.⁴ And the Bank of England’s November Inflation Report concluded on the housing market that ‘the outlook is more resilient than in August.’

There are also reasons for thinking that there are London-specific factors at work.⁵ For example, London may be more affected by Brexit concerns, was potentially already over-valued and is more affected by higher stamp duty on second homes than other regions.

The first question in the CFM-CEPR survey asked for views about the current outlook for the UK housing market.

Question 1: Do you agree that the phenomenon of declining house prices will ripple out from the London property market leading more UK regions to experience falling prices?

Forty-four panel members answered this question. Overall, the panel members agree with the statement; 47 per cent either agree or strongly agree (54 per cent weighted by self-reported confidence); 23 per cent either disagree or strongly disagree; and around 20 per cent neither agree nor disagree.

The macroeconomic effects of weaker housing markets

The Bank of England’s November 2017 Inflation Report states that: ‘Housing investment growth overall is pro-
jected to be fairly subdued in coming quarters.’ Historically, there is a high correlation in the UK between consumption growth and house price inflation. This suggests that weakness in the housing market is likely to reduce household consumption, as well as having a direct effect on investment.

A weaker housing market may also exacerbate already weak productivity through increased mismatch. Households that are unable to sell a property may potentially be unable to switch employment and move to a better job match without a long commute.

International evidence, however, suggests that the effects of house price depreciations are not so simple. For example, Mian et al (2015)\(^6\) find asymmetric effects in the United States of large and moderate house price depreciations. Aizenman et al (2016)\(^7\) examine a panel of countries and find a positive effect of large house price depreciations on economic growth.

As such, a significantly weaker UK housing market, especially when led by reductions in the price of property in London, may actually boost GDP growth. For example, Caballero et al (2008)\(^8\) show that falling house prices may force low-productivity firms out of the market, which would further free up bank credit to lend to productive firms. And with less mortgage lending activity, credit may be reallocated toward the commercial and industrial sectors.

More affordable housing may also make it easier for younger workers, currently renting, to move into areas with high-productivity jobs. Furthermore, a major house price correction may redistribute wealth toward the young, thereby helping to address intergenerational inequality.

The second question in the survey asked for views on the effects of a weaker housing market on UK growth:

**Question 2: Do you agree that a more widespread weakening of the UK housing market will slow UK GDP growth significantly?**

Forty-three panel members answered this question. 44 per cent either agree or strongly agree (53 per cent weighted by self-reported confidence), 35 per cent (33 per cent) either disagree or strongly disagree, and 19 per cent (14 per cent) that neither agree nor disagree.

**Summary**

The survey shows that a majority of leading economists think that the phenomenon of declining prices in the London property market will ripple out to the rest of the UK. Asked whether a widespread weakening of the housing market will slow GDP growth significantly, the experts are more divided: roughly a half agree and roughly a third disagree. Several point to uncertainty about the eventual Brexit outcome making it very difficult to engage in predictions about house prices and growth; others suggest that lower house prices could be a good thing for the UK economy, especially young people.

Notes:
1. The full report, including the views of individual economists, can be accessed at http://cfmsurvey.org/surveys/house-prices-and-uk-economy
4. https://uk.reuters.com/article/uk-britain-economy-lending/uk-mortgage-approvals-edge-lower-consumer-lending-robust-idsUKKBV11CZ0V1
8. https://www.aeaweb.org/articles?id=10.1257/aer.98.5.1943

**Latest from the CFM/CEPR**

**Bitcoin - 19 December 2017**

Cryptocurrencies are not a threat to the stability of the financial system, either now or in the next couple of years according to a large majority of leading European economists. But a majority of panel members are in favour of greater regulatory oversight, primarily because of concerns that the anonymity and opacity of cryptocurrencies facilitate tax evasion and other criminal activities.

http://cfmsurvey.org/surveys/bitcoin-and-city

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Statement from the RES Women’s Committee

Recent coverage of sexist and discriminatory language used on Economics Job Market Rumours (EJMR) shed an unpleasant light on the treatment that some women receive in the economics profession. EJMR is not representative of the entire profession. But, the revelations should force us to face up to some uncomfortable truths about economics and gender.

Women remain a small minority in economics departments in the UK. The RES Women’s Committee has been monitoring the gender composition of academic departments in the UK for twenty years. Things have been getting better — but at a snail’s pace. Today, less than one in five economics professors is a woman — and there are many economics departments with no female professors at all.

Economics is also failing to attract female students at A level and undergraduate level. For every woman choosing to study economics, there are two men. Economics lags behind maths, statistics and chemistry in terms of its share of female students — and if anything, the trend in economics is downwards.

It is not uncommon to hear the argument that this situation reflects people’s rational choices – with women preferring other subjects and different careers. But growing evidence, including from EJMR, points also to the presence of (conscious and unconscious) discrimination.

It is easier to describe the issues than it is to find solutions. But an important first step is for everyone in the profession to acknowledge that there is a problem and then to want to do something about it. We hope that everyone can make this first step.

The RES Women’s Committee exists to promote the role of women in UK economics. The information on gender composition in academic departments collected by the Committee for twenty years provides an important source of data that we would like to make available to researchers. We will encourage and support departments to apply for Athena SWAN awards as a way of committing to advancing the careers of women. We will continue to support early career female academics through networking and mentoring events and will partner with government and business to promote the status of women in the wider economics profession. We are also looking at ways of reaching out to schools to encourage more women to study economics. We welcome suggestions on other things that the RES Women’s Committee could be doing — and would like to hear from people who would like to work with us.

Sarah Smith (University of Bristol); Chair, RES Women’s Committee
Karen Mumford (University of York); Former Chair, RES Women’s Committee
Silvana Tenreyro (London School of Economics) Former Chair and Member, RES Women’s Committee
Marina della Giusta (University of Reading); Member, RES Women’s Committee
Amelia Fletcher (University of East Anglia); Member, RES Women’s Committee
Grace Lordan (London School of Economics); Member, RES Women’s Committee
Kimberley Scharf (University of Birmingham); Member, RES Women’s Committee
Peter Neary (University of Oxford); Ex officio member, RES Women’s Committee
Denise Osborn (University of Manchester); Ex officio member, RES Women’s Committee
Sir John Cowperthwaite and the making of Hong Kong

It is now twenty years since Hong Kong was handed over to China. At the time it was already one of the most prosperous nations on earth. Its per capita GDP is now 40 per cent higher than that of the UK. Much of its success is due to the role played by Sir John Cowperthwaite, deputy and then actual financial secretary until his retirement in 1971. Neil Monnery explains.

Adam Smith’s simple description of a pin factory retains its relevance and richness despite having been penned over two centuries ago. He observed that a single worker doing all eighteen steps involved in making a pin would be unable to make more than 20 pins in a day. But with the division of labour, a team of workers, each focussed on just one part of the process, could make up to 4,800 pins per worker per day. Smith’s example illustrated the benefits of specialisation and scale. With other examples, he generalised that specialisation drives output because each worker becomes more dexterous at their specialised step, saves time in shifting from one step to another, and can develop tools that increase their productivity.

Smith called the manufacturing of pins ‘a very trifling example’ of the great commercial enterprises of his time. But it is highlighted on page 2 of The Wealth of Nations because he wants to show that much of his theory of the world can be derived from this simple illustration. Smith used his pin example both to extrapolate his more general theory, and to test it in the real world. His was an economics drawn from detailed observation, and intended to apply to the practical issues of the day.

Sir John Cowperthwaite, who was deputy and actual finance minister for Hong Kong between 1951 and 1971, was enormously influenced by his study of Smith. Cowperthwaite more than anyone laid the economic policy foundations that drove Hong Kong’s remarkable post-war economic growth. In the 1950s Hong Kong’s (PPP adjusted) GDP per capita was around 30 per cent of that of its mother country, Britain. Now it has a GDP per capita that is 40 per cent higher. In two generations Hong Kong has not only achieved the growth in living standards that Britain delivered between 1835 and today, but it has surpassed that to enjoy prosperity equal to that of the United States and Switzerland. And it is not just its wealth that has overtaken Britain’s; so too has its longevity and educational performance.

Cowperthwaite’s first job after arriving in Hong Kong in 1945 was in the Industry and Supplies department. This department was charged with finding and importing food and basic supplies in a desolate post-war environment, and to somehow get industry back on its feet. Cowperthwaite was thrown in the deep end and he learnt life-long lessons from this experience in the real world. One job was to stop the export of rationed or scare products, for example glass. In many ways it too was a trifling example. But he noticed that shortly after the exportation of glass was banned that several dealers were exporting glass bottles that were then recycled abroad. The government banned the export of glass bottles. Then he discovered that dealers were exporting broken bottles, since there was no ban on that. The re-export of broken bottles was quickly prohibited. The following month a new tactic was in use. Glass bottles were filled with coloured water, labelled as dye, and exported. ‘Beer bottles filled with other than beer’ were added to the prohibited export list. A few months later, shortly before export controls were lifted, he observed that the new approach was for the export of picture frames with five or six sheets of glass in the frame, which were then dismantled abroad.

Rather than bristling with frustration, Cowperthwaite noted the ingenuity and flexibility shown by manufacturers and traders. He quickly learnt to harness this to create a speedy post-war recovery. And more generally, it would give him a belief that entrepreneurs had an ability to adapt and adjust to market changes much faster than any government could. This was one of the reasons he rejected economic planning and believed in the power of markets.

As he broadened his remit he became increasingly adept at knowing how to generalise from the specific, and to test his general framework of how to manage an economy with specific examples. When told by the great and the good that Hong Kong must have an industrial development bank, he insisted on hearing evidence from sound enterprises that had not been able to secure funding. None were forthcoming, and so the bank was not established. He was well aware that what might suit the leaders of today’s businesses might not be ideal for the long-term economy.

Even when he was finance minister Cowperthwaite would wander around shops, markets and factories in his spare time asking questions and trying to understand what was happening on the ground. Where some economists such as Kenneth Galbraith boasted that they had never visited a factory, Cowperthwaite balanced his knowledge of economic theory with practical observations. His excursions were largely incognito, and he was annoyed when the emergence of television, and the...
broadcasting of the budget and press conferences, meant that he was increasingly recognised whilst he was collecting this intelligence.

Cowperthwaite’s deep practical knowledge was intertwined with his understanding of economic theory. He was inclined to believe in the insights of the classical economists, of Smith, Ricardo and Mill, and a laissez-faire approach. But fundamentally Cowperthwaite was a pragmatist not an idealist. He believed in his policy approach because he saw it was working. Where it did not he was happy to intervene. He saw little need to intervene in competitive markets operating freely. But where other governments intervened with tariffs or trading barriers, or in banking where bank owners could risk depositors’ funds, or in cases of monopolies he had no hesitation in direct intervention.

Smith and Cowperthwaite devised a policy prescription that was simultaneously based on a general theory and on specific observation. Smith knew that his theory of the division of labour would be much less cogent if it did not explain the ‘trifling’ example of the pin factory, and conversely because it did, he could build the study of economics. Cowperthwaite saw in his battle with glass dealers the agility and adaptability of the private sector and on that built the world’s most successful laissez-faire economy.

As economists, politicians and administrators search for ways to reignite economic growth, could it be that approaches that combine more holistic theory with specific observation, in language that is widely understood, unfiltered by layers of business lobbyists and bureaucratic interests, will once more provide the richest seam as to what to do?

Note:

Warwick Summer School 2018
Sunday 15 July – Saturday 4 August

Applications for our 2018 Warwick Summer School in collaboration with St Mary’s, Twickenham, are now open following our immensely successful and fun 2017 Summer School which saw students experiencing:
• a taste of the University of Warwick’s outstanding teaching;
• the chance to engage with high profile academics and speakers and
• the excitement of London life for three weeks.

We have a wide range of courses on offer including:
• Behavioural Economics
• Game Theory
• International Development
• Money and Banking
• Principles of Economics for Non Economists
• Data Science – Foundations of Data Analytics
• Introduction to Artificial Intelligence
• Leadership, Communications and Culture
• International Business and Finance
• Introduction to Psychology

We also have two exciting courses delivered by our collaborative partner, St Mary’s University, Twickenham:
• Communications and Marketing
• Public Policy with Public Finance.

All courses are taught by staff who are experts in their field.

We will be running our Summer School from the beautiful campus of St Mary’s, Twickenham enabling students to benefit from exceptional teaching, academic expertise and social programme, with London on the doorstep.

Special Discounts
Applications for the Summer School 2018 courses can be made online, 10 per cent off for early bookings and groups of students can benefit from a 20 per cent tuition fee discount, as well as enhanced discounts for larger groups.

Inspirational Evening Programme
Last year, Nobel Prize Winner, George Akerlof, Gold medal winning Alpine Skier, Kelly Gallager MBE and Entrepreneur, Priya Lakhani OBE shared their insights and experiences with our students. 2018 evening guest speakers will be announced over the coming months.

Excellent Social Programme
In the tuition fee, we also include a fantastic social programme including a meet and greet BBQ, welcome dinner at the beautiful Ravens Ait (an Island on the Thames), curry and quiz night, film night and farewell celebration event as well as sports activities. In addition students can book for additional trips to London, Brighton and the dreaming spires of Oxford, a West End Theatre trip and more to enhance their cultural experience of the UK.

Accommodation packages are: room only, bed and breakfast or fully catered – an option to suit a variety of budgets and tastes. To apply or for further details go to our website: www.warwick.ac.uk/summerschool
The first concern is the persistent gender gap in undergraduate economics. Women make up 57 per cent of all undergraduate students in the UK but only 33 per cent of those studying economics, including economics with other subjects. Looking at students just studying economics, the proportion is smaller (29 per cent). Fewer women study economics than study maths (37 per cent), statistics (42 per cent), chemistry (42 per cent), medicine (55 per cent) and biology (60 per cent). There is also no upward trend in this proportion.

A second concern is the extent to which undergraduate economics students come from state schools compared to private schools. One-quarter of economics students are privately educated, compared to 10 per cent of all undergraduates.

The table below shows that part of the explanation is that girls and state-school students are less likely to be offered economics at school. But, they are also less likely to study the subject even when it is available. This suggests that economics lacks appeal — and one possibility is that the unappealing view of economics is based on a narrow (and dry) perception of economics and economists. In a recent ING-Economics Network survey members of the public were more likely to think that economics is male-oriented (32 per cent) rather than female-oriented (1 per cent). Asking a group of year 11 and 12 students to say what economics is about in three words (responses in the figure), and the dominant word is money. The other most common ones are ‘economy’ and ‘supply and demand’. Students do mention ‘choice’, but there is little mention of human behaviour or some of the big issues that economics deals with. Offering a broader, more attractive, view of economics may be one way to change who studies it.

Growing awareness of these issues has led individual academics and economics departments to organise talks and events for school students and their teachers. Some of these have been targeted at female students — Victoria Bateman organises an annual ‘Women in Economics’ day at Cambridge University, Marina della Giusta (University of Reading) spoke at the annual conference of the Girls’ School Association and a recent ‘Women in Economics’ event was held at the University of Manchester. Other events, such as the ‘Discover Economics’ day organised by the University of Bristol as part of the annual Festival of Economics, have been open to all.

Two of the recent events are described in more detail below. The aim is to provide insight into what an event might look like and some idea of the type of activities. Reaching out to schools can be challenging. It takes time — not only the organisation of the event, but also getting schools to engage. Phone calls work better than emails and personal contacts (as well as persistence) really help. Private schools are more responsive than state schools, so more effort is required to get a diverse audience. Bigger events

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**What three words would you use to describe economics?**

(Year 11 and 12 students)

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<table>
<thead>
<tr>
<th>Private mixed</th>
<th>Private single sex</th>
<th>State mixed</th>
<th>State single sex</th>
<th>FE College</th>
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<td><strong>Boys</strong></td>
<td><strong>Girls</strong></td>
<td><strong>Boys</strong></td>
<td><strong>Girls</strong></td>
<td><strong>Boys</strong></td>
</tr>
<tr>
<td>Offered economics A level</td>
<td>81.1%</td>
<td>73.4%</td>
<td>93.5%</td>
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</tr>
<tr>
<td>Studied A level if offered by the school</td>
<td>21.6%</td>
<td>9.5%</td>
<td>26.0%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Studied any economics at uni</td>
<td>6.8%</td>
<td>2.2%</td>
<td>9.8%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Studied any economics at uni if offered by the school</td>
<td>7.5%</td>
<td>2.6%</td>
<td>10.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Studied any economics at uni if took economics A level</td>
<td>29.2%</td>
<td>21.4%</td>
<td>34.0%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Share of population</td>
<td>7.8%</td>
<td>4.7%</td>
<td>2.6%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
need to be planned well in advance — schools need to schedule and plan for the event and internal approval processes may need to allow for at least six months. But the experience from those who have run the events is that they are very rewarding. They are also vital for engaging students who may not be able to study economics at school and to offer a different — and more diverse — view of the discipline.

University of Bristol, Discover Economics outreach event

**Sarah Smith, Steve Proud, Babak Somekh** and **Ashley Lait**

Bristol’s annual Festival of Economics, curated by Diane Coyle, engages members of the public in economics through a series of panel discussions and talks. For the past four years, the Economics Department at the University has organised a schools event as part of the Festival, challenging teams of students studying A level economics to solve a real-life problem — encouraging healthy eating in schools, tackling congestion — using standard and non-standard economic tools. This year, we decided to widen the scale and put on a day of activities running from 9.30 - 3.30 with the aim of introducing students, including those not currently studying economics, to the scope of the subject.

The day encompassed a number of different sessions — including an interactive game, a meet an economist session, a lunchtime panel discussion and ending with the schools challenge. We worked hard to engage local schools, through emails, phone calls and personal contacts and the Economics Network helped administer the event. In the end, 108 students from 10 schools attended, half of which were state schools. Students were aged between 15 and 17, and just under half were female. We received some funding for the event from the ESRC and from the University of Bristol widening participation fund. This helped to cover the cost of lunch and other refreshments.

Katerina Raoukka and Anthi Chondrogianni (Teaching Fellows at the University of Bristol) organised the ‘interactive’ game, an auction market in which teams (‘restaurants’) bid for the raw materials required to make different menus. It was a lively session that introduced students to auctions and strategic interaction as they considered how to respond to other teams’ bidding. [http://www.economicsnetwork.ac.uk/showcase/hedges_active5.htm](http://www.economicsnetwork.ac.uk/showcase/hedges_active5.htm)

In the ‘meet an economist session’, students heard from a panel of economists from banking, telecommunications, the Government Economic Service, economic research (NIESR and the IFS), the Office for National Statistics and economic journalism (the Financial Times). They also had a chance to talk individually to the panel members. The session showcased a diverse range of economists (more than half of the panel members were female) and the varied careers on offer. One of the teachers commented that ‘it was great to see so much diversity to challenge some of the stereotypes around economists’.

After lunch, the students had the opportunity to attend a Festival of Economics panel discussion on ‘Statistics, Lies and Truth in the Post-Face world’, chaired by Alvin Birdi (University of Bristol) with panel members including Matt Dickson (University of Bath), Gloria Origgi (Centre Nationale de la Recherche Scientifique), Felix Ritchie (University of the West of England) and Hetan Shah (Royal Statistical Society).

The rest of the afternoon was taken up with the schools challenge, run by Steve Proud and Babak Somekh. Students had just over an hour to consider the challenges and opportunities generated by the ‘rise of the robots’ and the implications for government policy. Each team had to produce a single-page poster with their ideas, judged by Romesh Vaitilingham and Damian Whittard (UWE). The students discussed the consequences of automation for productivity, employment and inequality, as well as thinking about private/government ownership. In their posters, all teams showed great economic insight as well as creative thinking.

The feedback on the day was very positive — from the staff running the event as well as the school students and teachers attending. The interactive - and competitive — nature of the sessions was popular. The meet an economist session was successful in shifting perceptions of economics and economists. Our aim is to repeat this type of event next year — we are building contacts with local schools and would like this to be a regular fixture in their schools’ calendar.

University of Manchester, Women in Economics outreach event

**Dr Victoria Jotham,** [Keila Meginnis, Melisa Sayli](http://www.res.org.uk/view/resNewsletter.html)

A ‘Women in Economics’ event was hosted this year at The University of Manchester to help introduce female pupils to the subject earlier in their school careers and to highlight the benefits of this subject choice both at A-level and at university.

Five schools from across the Greater Manchester region were invited to attend a half day event on Wednesday, 6th December (9.30am-2.30pm) centrally located on the university campus at the Manchester Museum, and in the Arthur Lewis Building, School of Social Sciences. Groups of ten, Year 10 female pupils (14 to 15 years old) and their teaching staff attended from each school, to participate in a number of activities aimed at igniting an interest in Economics. The structure of the day included: a keynote lecture, an interactive workshop, campus tour,
The literature suggests that one of the reasons that girls do not study Economics earlier in their school careers is due to their beliefs and expectations associated with the discipline that may be motivating their subject preferences and future choices. In order to better understand what young women associate with Economics, and hopefully to act upon this perception, we asked pupils at the beginning of the event to describe what they thought Economics was about using three words. The day then started with a keynote lecture, ‘Economics for Everyone’ by Diane Coyle, Professor of Economics at the University of Manchester, and Co-Director of Policy@Manchester. She discussed what it was like to be an economist, and used the three words each pupil had noted at the beginning of the session to motivate her talk. Diane continued with what Economics said to her, and how it helps to answer the big questions of today, such as inequality, unemployment, poverty, environment, sustainability, and Brexit. She then looked at what economists do, in terms of observing, and looking at data, and introduced a segregation simulation with audience participation based on the work of Nobel Prize-winner game theorist, Thomas Schelling, illustrating how a small demand for diversity can desegregate a neighbourhood. Diane concluded by outlining the subjects that might be considered for a career as an economist, including the future options for employability.

Our mini-lecture was held by Rachel Griffith, Professor of Economics at the University of Manchester and Research Director of the Institute for Fiscal Studies (IFS), and Helen Miller, Associate Director of the IFS. Their topic introduced ‘Fairness and Taxation’ which started with some recent headlines from the press, including one about One Direction paying more corporate tax in the UK than Facebook. This was followed by asking the pupils to determine the proportion of tax raised for every £1 of economic activity. The total tax revenue for the UK, the main types of tax, and areas of expenditure were also then outlined. The concept of fairness was introduced using examples for: vertical equity, horizontal equity, and equality of opportunity, and why they might matter. Next, who pays income tax was examined and then explored using a range of role models, with a discussion about the difficulties in achieving a desired level of redistribution, including the trade-off between equity and efficiency. This was developed further by demonstrating how economists use empirical evidence to better understand how people respond to incentives. The final messages highlighted how Economics helps us to judge what is fair in taxation by considering what taxes people are currently paying, the whole tax and benefit system, and how people respond to taxes. Rachel and Helen then returned to their example of One Direction and Facebook and analysed whether the girls’ perceptions had changed. Pupils were then encouraged to address three questions in their groups about reducing a top rate of tax, describing whether different types of taxes were fair or unfair, and looking at some of the reasons why the government might want to redistribute money between people and the problems in how this might be achieved. The session then concluded with the findings from a recent experiment by Helen which had asked participants broadly, do you think the UK tax system is fair? The results that were shared also demonstrated how prior information given to different groups of respondents can influence their decision.

Following a campus tour that had taken the pupils to a new venue for lunch, the final networking session began. This gave pupils the opportunity to meet with a range of economists from Manchester (undergraduate, postgraduate, lecturers, professors, alumni) and speakers from the earlier sessions to find out more about their experiences as economists and to ask questions. This session was organised by rotation so that small groups of girls could have a brief discussion every ten minutes with a different economist and have a conversation with them about their academic background, role, study, work, and areas of economic interest. The economists participating in this particular session had already submitted their biographies prior to the day and these had been forwarded to the schools along with an interactive online quiz, to help introduce the pupils to the different areas of the discipline. At the end of this session, a comprehensive survey of the day’s activities was issued to all the young women attending. Initial feedback from both the teachers and the pupils was extremely positive regarding the format of the day, the organisational arrangements, substantive content, and the range of activities. The event indicated that there is clearly a desire from schools to look at gender diversity in Economics. In Manchester, we are keen to continue to support these types of events and engagement with the subject to help tackle the issue.

Notes:
1. Professor of Economics, University of Bristol and Chair of the RES Women’s Committee.
2. University of Bristol
3. Economics Network
4. Economics Undergraduate Manager and Teaching Assistant Coordinator, University of Manchester
5. PhD economics candidates, University of Manchester
6. Significant organisational support was received from the School of Social Sciences Admissions office.

Readers may wish to note the statement from the RES Women’s Committee that appears above, on p.13.
Brexit and the reporting of economic debate

In the October issue of the Newsletter we published a piece which focused again on the BBC’s reporting of economic views relating to the UK’s decision to leave the EU. The stimulus for the October article was the BBC’s treatment of an argument put forward by Patrick Minford and others focusing on the likely benefits of free trade. His arguments are set out below.

In the last RES Newsletter the reasons are set out for the RES’ complaint to the BBC about its reporting of the views on the post-Brexit outlook by the 16-strong economist group, Economists for Free Trade, which I chair. The RES felt that the BBC should not report the group’s latest estimates of the effect of Brexit on trade (https://www.economistsforfreetrade.com/wp-content/uploads/2017/08/From-Project-Fear-to-Project-Prosperity-An-Introduction-15-Aug-17-2.pdf) in a straightforward manner but rather either ignore them or report them as being the views of ‘deniers’, ‘not in line with what economists in general think’, ‘mavericks’, ‘not subject experts’ or in some similar way. This complaint also extended to the treatment of the earlier views and estimates of our predecessor group during the Referendum when of course the BBC was by law enjoined to achieve ‘balance’ in the debate.

Not surprisingly and quite rightly the BBC has rejected the RES complaints. I am grateful to the editor of this Letter for space in your columns to explain why I think this stance of the RES is wrong from the point of view of the pursuit of science, about which both the RES and I care. As we all know at any time in economics there is a majority view about various aspects of the subject. Let me focus on the open economy macro end of the subject, which includes trade, macroeconomics, general equilibrium, and the econometric and computer techniques we bring to bear on them. This is and has always been an area of considerable controversy in which the ‘majority view’ has changed quite regularly in the light of new arguments and evidence. Think back to the rational expectations revolution and New Keynesianism, the movement away from ‘reduced form’ to ‘structural’ models, the issues of integration and cointegration, and the development of computational techniques. There has been a lot of scientific change over the 41 years I have been a professor of applied economics; and at no time has the profession, to its credit, refused media or semi-nar space to those who were against the usually massive professional consensuses of the time. And this was true also of the derivative policy battles that took place. Even when Frank Hahn led the 364 economists in their famous letter, he never asked that the media should deny access to, or vilify, those few of us who actively disagreed.

There has over recent years arisen a new mode of thought in trade matters and among ‘trade economists’ known as the ‘gravity model’; I regard this with great interest and think it should be fully developed as a general equilibrium modelling approach. However, this gravity view of Brexit is disputed: there is no consensus, as pointed out by Philip Whyman and Alina Petrescu in their recent book The Economics of Brexit. Certainly in the case of the UK where trade is far-flung and much of it in services ‘gravity’ appears to be rather marginal at best. I have explained in a recent blog (http://brexicentral.com/brexit-free-trade-critics-wrong-dismiss-classical-model/) why I did not agree with the gravity view of the UK (for all I yet know it may apply to many other countries); also why the procedures used by gravity modellers at the Treasury and LSE, the leaders on the Remain side in the Brexit debate, were not in line with best scientific practice. They have used statistical associations between endogenous variables (of many countries) to ‘predict’ UK trade, FDI and productivity, instead of using the structural gravity model itself for the UK. They have also resolutely ignored the identification problem whereby other models (e.g. the classical) could generate these associations. Finally, in sheer frustration at the tin ears of these economists my research team and I have actually created (http://carbsecon.com/wp/E2017_10.pdf) a cge gravity model of the UK economy to see what it truly implies for the facts of UK trade and for Brexit policies; it was not much of a surprise to find that this model is statistically rejected by our strongest test and does no better than the classical model, which survives that test easily, even in matching the ‘gravity regressions’. As for policy it turns out that it backs full free trade as proposed in current government policy just as strongly as the classical model.

Suffice it to say that, whether or not there was a consensus among RES members or UK economists or world economists on Brexit and the gravity model, there is never a case for stopping or neutering public debate since such consensuses if they exist cannot represent the settled state of science which requires constant questioning to progress. The British people know this and would not feel well served by the BBC or other media if they felt some censorship was going on which could affect policy outcomes of vital interest to them. No, instead of trying to impose media censorship, what the RES and their economists should simply have done, as indeed they actually did, was go on the airwaves and argue the merits of their case, no doubt larding it with references to the inadequacy of their opponents, as one does. All’s fair in debate — but it must be free and unfiltered by
To Tax or not to Tax? or The Truth about Taxation

When UK public services are under severe strain and even the UK’s Health Secretary admits that the NHS is in serious trouble, Robert Neild argues that we should bite the bullet and pay more tax.

In Britain public services are falling apart. Our health and social care services are deteriorating; crime rates are soaring, and so are violence and suicide in prisons; the quality of our schools is uneven and unfair; state pensions are miserly; poverty and homelessness are increasing; the civil service is understaffed; our roads are congested and potholed; support for research and the economy is being squeezed. On all sides we are confronted by social injustice and economic neglect.

Across the Channel we typically find roads and railways in fine condition, good health and other social services, and good public pensions. The welfare of the people and the infrastructure are cared for.

The policy of trying to balance the budget in a recession is partly to blame, but the prime culprit is tax policy. On the Continent governments have devoted an increasing proportion of their national income to the provision of public services and infrastructure as their economy has grown, and they have raised taxation to finance it. In Britain public expenditure and taxation have been squeezed since the 1970s. Consequently Britain, which was a relatively high tax country after the war, is now a low tax country and is suffering for it.

The best measure of what has happened is tax revenue as a percentage of GDP, or the ‘tax take’. The latest figures, (Eurostats for 2015) show that the average figure for the EU is 40 percent. In Belgium, France and Denmark the figure is 47 percent. In Austria, Germany, Italy and Sweden it is between 40 and 45 per cent. For the UK the figure is only 35 percent; for the US it is less than 30 percent.

If present policies are not reversed, the deterioration in public services, already severe, will continue as the delayed effects of the cuts already made come through. At the moment, over-stretched and underpaid workers in the public sector are trying to maintain the standards of the service they provide. But there comes a point where the demands on reduced staff become unbearable, their morale is damaged and acceptable standards of service can no longer be maintained. That breaking point has clearly been reached in the prison service. Similarly we face deterioration in our roads, public buildings and other capital assets on which maintenance expenditure and investment have been cut.

Politicians and the electorate have been driven along the path to low tax and impoverished public services by propaganda against tax and public services which in Britain, as in the US, has accompanied a surge in selfishness and inequality. Fallacious economic arguments about incentives and ‘trickle down effects’ have been used to claim that tax cuts for the rich would improve the economic performance of the nation and hence the well-being of the masses. If those propositions were right, Britain would now be forging ahead of its higher-tax Continental neighbours in economic performance and well-being, not lagging behind.

British attitudes to tax have changed remarkably since 1945. Then the people, having accepted high taxation to pay for the war, continued to accept it as it went to pay for the reform of society along the lines that were agreed by the Conservative and Labour party during the war and that were applied by them both, with little variation, until the Thatcher revolution. Taxpayers recognised, perhaps reluctantly, that they were making a necessary contribution to public services of which they and the whole community were beneficiaries. In so far as there was tax evasion and avoidance, it was furtive, not voiced or flouted.

Now taxation is attacked as if it were robbery; the tax code is riddled with concessions made by Chancellors to buy support from particular interests, tax morality is deplorable. A terrible example has been set by the City which has both enjoyed rich tax concessions and been revealed, by leakage, to be probably the leading international centre for tax avoidance and evasion, with the dirty work conducted offshore, mostly in British possessions.

The attack on taxation was put into action by Mrs Thatcher who, with her faith in extreme laissez-faire, came to power at a time when, absurdly, the top rate of income tax was 83 per cent on earned income and 98 per cent on unearned income. Mr Blair and other opposition leaders did not have the courage to reject the policy, refute its economics and commit themselves to restore taxation to an adequate level. They bowed to the anti-tax lobby. They abandoned principle for power.

Now at last the tide shows signs of turning. People are feeling and seeing how badly cuts in public expenditure are damaging our public services and causing poverty and injustice, how inequality has increased, how immo-
ally the rich avoid and evade tax and how badly the economy and real wages have performed: there is a backlash against the consequences of inadequate taxation. Mr MacDonnell, the shadow Chancellor of the Exchequer has responded by promising increases in public expenditure on health, education and local government to be financed by tax increases concentrated on tax avoiders and the rich.

That is a respectable response. But the British people need to be given a much grander strategic vision of the alternatives before them. They need to be told how great would be the effect of raising our tax take to the level of our Continental neighbours. It needs to be explained that since public expenditure is about one third of GDP, an increase in taxation of one percent of GDP makes possible approximately a three percentage increase in public expenditure: there is a multiplier of approximately three between the two figures. For example:

a. A 5 per cent increase in the British tax take from 35 to 40 percent of GDP, to make it equal to the German figure and to the EU average, would pay for an increase in public spending of no less than 14 percent

b. A 10 per cent increase to 45 percent of GDP (still short of Belgium, France and Sweden’s figure of 47 percent) would pay for a 28 per cent increase in public spending.

This multiplier has been working in the opposite direction: a reduction in the tax take by one percent of GDP has required a cut in public expenditure by 3 per cent: which helps to explain why the pursuit of low taxation has been so painful. The benefits of turning it round are obvious.

The moral choice whether Britain should follow the Continental model and raise tax for the sake of social justice and economic performance, or should continue to attack tax and suffer the social injustices and politico-economic failures of the United States is far more important to our own economic prospects, and to the conditions of life of our children and grandchildren, than Brexit or public ownership.

I am convinced we should follow the Continental model. I would gladly pay 5 or 10 percent more of my income in taxation for that purpose. And at last I see grounds for optimism. The electorate is reacting to the damage that years of public expenditure cuts have done to their lives and prospects, and the social media may be a means of outflanking the traditional media in a political debate about taxation. There may be scope for a leader of moral conviction, whether from the present political parties, or a newcomer, free from party baggage like Monsieur Macron, to gain power by campaigning forthrightly for higher and fairer tax for the sake of social justice and economic revival.

Robert Neild
University of Cambridge

Tony Atkinson

In the April 2017 (no. 177) issue of this Newsletter we published an obituary of Tony Atkinson by Joseph Stiglitz. Tony was President of the Society from 1995 to 1998, knighted in 2000, made a Chevalier de la Légion d’Honneur in 2001 and enjoyed many other honours. Since that obituary appeared, describing him inter alia as ‘…one of the greatest and kindest economists…’ it is remarkable how many other obituaries and appreciations have appeared, commenting on his personal qualities as well as citing the quality of his contributions to economics. In the October issue of this Newsletter (no. 179), for example, readers may recall Sir Angus Deaton adding his own tribute to a compassionate and talented economist.

Since then, the editors of the EJ have received an email from Geoff Harcourt, who is now 86 but still goes to the University of New South Wales (where he is Visiting Professorial Fellow) most days. Geoff was once the RES obituaries editor — in the days when the obituaries appeared in the EJ (rather than in the Newsletter). He also served on the RES council for many years and retired from Cambridge as an Emeritus Reader of the University and an Emeritus Fellow of Jesus College.

After congratulating the EJ managing editors on ‘the wonderful Features edition of October 2017 — so many important topics covered in one issue’, Geoff says that ‘the lead article was probably the last published article by Tony Atkinson, probably the most beloved and admired economist in the world, who died on the 1st of January this year’.

But was Tony’s paper on charitable bequests with Peter Backus and John Micklewright his last publication? Who knows what maybe still in the pipeline? With the help of alert readers we’ll do our best to highlight the genuinely final publication of such a highly-esteemed and sadly-missed colleague.

Pierson Medal awarded for work on measuring happiness

Professor Bernard van Praag has been awarded the Pierson Medal for 2017. The Pierson Medal is awarded once every three years to highly deserving Dutch economists who have distinguished themselves through the quality and depth of their publications. The medal was also awarded to Professor Arie Kapteyn.

Van Praag received the medal for his pioneering work in the field of measuring individual welfare and for his contribution to creating high-quality institutes for research and education in the field of economics. Bernard van Praag has been published in numerous top international periodicals on a variety of subjects, including the measurement of welfare and well-being, poverty, and econometric methodology.
Arie Kapteyn is founding director of the recently established Dornsife Center for Economic and Social Research at the University of Southern California. He was previously Professor at the Pardee RAND graduate school.

Before joining RAND Kapteyn held a chair in econometrics at Tilburg University in the Netherlands, where he served in numerous capacities, including dean of the Faculty of Economics and Business Administration; founder and director of CentER (a research institute and graduate school) and of CentERdata (a survey research institute); and director of CentER Applied Research (a contract research institute). At RAND, he led research teams on dozens of projects analyzing various topics, including a comparison of life satisfaction in the United States and the Netherlands.

The medal is an initiative of the Pierson Foundation (www.piersonfonds.nl)

Obituaries

John Grieve Smith

John Grieve Smith, one of the UK’s most influential economists, died in his 90th year on 13 February 2017. John and I became close friends soon after we both returned to Cambridge in 1982, John as Senior Bursar of Robinson College, I as University Lecturer in the Faculty of Economics and Politics and Fellow of Jesus College. We had many discussions on economics and economic policy, usually at and after lunch at Robinson or Jesus. We exchanged comments on papers and we authored together a critical paper on Gordon Brown’s economic policies when he was Chancellor of the Exchequer, ‘The economic policies of Gordon Brown and the Treasury: Stability for what?’ It was published in Soundings, a left of centre journal, in 2001. In the introduction to The Making of a Post-Keynesian Economist, a selection of my essays published in 2012 by Palgrave Macmillan, I wrote that

John …, my long standing friend, [had] fought the good post-Keynesian fight through the barren years of Thatcherism and, even more upsetting, those of Blairism and Brownism. …Evidently a leading British economics journalist thought our essay … the best critique of Brown’s (read Ed Ball’s) approach and policy he had read … John must have the lion’s share of credit for I was a very junior partner. (p. 4)

John ‘read for’ (Oz term is ‘did’) the Economics Tripos at Cambridge, graduating in 1949. His College was Clare and his undergraduate supervisor was the redoubtable Brian Reddaway. He absorbed Brian’s down-to-earth, back-to-first principles approach to economic theory and policy, to which he coupled his own passionate hatred of injustice, especially when it arose from malfunctioning of the economic system.

John held important posts in the British civil service and industry. He started his working life in the Cabinet Secretariat in 1949 and then moved to HM Treasury. Subsequently, he was the Senior Planner at the UK Atomic Energy Authority (1957–1961), Head of the Economics Division of the Iron and Steel Board (1961–1964), Under-Secretary, Department of Economic Affairs (1964–1968), Director of Planning, British Steel Corporation (1968–1981) and Industrial Management Teaching Fellow, City University Business School (1981–1982), before returning to Cambridge in 1982.

John was a prolific author. His most important books, I think, are Full Employment: A Pledge Betrayed, published by Macmillan in 1997 and its sequel, There is a Better Way. A New Economics Agenda (Anthem Press, 2001). He also edited and contributed to many other books and reports and chaired ad hoc working groups, producing reports on economic policy, for example, An Agenda for a New Bretton Works (International Papers on Political Economy, 1994), The Challenge of Longer Life: Economic Burden or Social Opportunity? (Catalyst, 2002), and he co-authored Pension Promises and Employment Rights (Institute of Employment Rights, 2004).

From first to last, John regarded full employment as the moral starting point for all package deals of economic policy. One of his last, possibly his last, publication was the lead chapter, ‘Ending mass unemployment’, in Tanweer Ali’s and Diamond Ashiagbor’s edited volume, Full Employment Revisited: Essays on the Economy, People and Fairness (Work Forum, 2014). I remember vividly how John inspired and thrilled the audience of research students and others at a seminar at Queens’ in the early 1990s with his impassioned remarks about the absolute necessity to make full employment the top priority. It reflected what we wrote in the essay on Brown that his ‘policies … faithfully reflect[ed] the prevailing neoliberal orthodoxy’ (The Making of a Post-Keynesian Economist, p. 215).

John was an exceptionally kind and caring person, as is Jean, his wonderful wife of many years. Like Jean, he behaved selflessly in his personal dealings with family and friends alike. He was a good man in the same sense
as Beckett Standen, Keynes’ ‘onearmed shepherd, now turned cowherd’, described Maynard Keynes to Roy Harrod (R F Harrod, The Life of John Maynard Keynes, Macmillan 1951, p. 650). It was a great privilege to have known him.

Geoff Harcourt,
University of New South Wales, Australia.

Editor’s note:
This obituary first appeared in The Economic and Labour Relations Review, 2017, vol. 28(2) 356-357. It is reprinted by permission of SAGE Publications, Ltd.

Esra Bennathan

Esra Bennathan, Emeritus Professor of Political Economy at the University of Bristol, died peacefully at his home in Washington DC on March 21st 2016 at the age of 93.

Esra had not long retired from Bristol University when I arrived there in 1983 to take up the Chair in Econometrics just vacated by his friend and colleague Angus Deaton. Angus wrote warmly of Esra in his ‘Letter from America’ in the last Newsletter (October 2017).

Esra gave me plenty of advice on the daunting and of course impossible task of replacing Angus. He then called by every few months, keen to keep a protective eye on the Department of which he was so fond, and to satisfy his curiosity about the way in which the Department was working with two new professors, David Ulph having just arrived there too. Esra and I became firm friends.

Born in Berlin of Jewish parents Esra was sent to Palestine in 1936 to live with his father. In 1941 he joined the British army, served as an intelligence officer in North Africa, and, after the war, at the invitation of an uncle, he came to England which became his homeland.

Esra graduated in Economics from Birmingham University and joined the Birmingham faculty where he was a colleague of Michael Beesley, Terence Gorman, Frank Hahn, Maurice ‘Mac’ McManus, David Rowan, and Alan Walters. In 1964 he joined the Department of Applied Economics at Cambridge and became Fellow in Economics at Jesus College Cambridge, and then Senior Economic Affairs Officer of the UN Economic Commission for Asia and the Far East in Bangkok. He took the Chair of Economics at Bristol University in 1976 and in 1981 left for the USA to become Economic Advisor at the World Bank.

Esra was at his happiest working at the interface between transport and development economics and development policy implementation and he made great contributions at the World Bank. An fine example is provided by the book Port Pricing and Investment Policy for Developing Countries1 which he wrote with his long-time associate and life-long friend, Alan Walters. Nick Stern writes of Esra in The World Bank: Its First Half Century2 as a ‘key longer-term player at the Bank in the interaction between

Bank concerns and outside academics’.

Esra was married to Marion Bennathan, OBE, a distinguished educational psychologist, and after to Judith Nowak, a distinguished physician and psychotherapist, both of whom survive him. He rejoiced in their successes and the successes of his two sons, the late Joss Bennathan, a theatrical director, and Joel Bennathan, QC.

A mentor and loyal friend to many and an influential transport and development economist in the development policy world, Esra is greatly missed.


Andrew Chesher
University College London and Centre for Microdata Methods and Practice (ceMMAP)

David Mayes

David Mayes, Professor of Economics at the University of Auckland, and an editor at the Economic Journal from 1980*, died suddenly, after a short illness, in Auckland on November 30th.

Born in Kent and a pupil at Dulwich College in South London, David was a prolific and remarkably wide-ranging researcher. His main contributions were in three fields: economic liberalisation, integration and trade (work that stemmed from his PhD research on Economic Integration at the University of Bristol, where he registered after PPE at Brasenose, Oxford); monetary policy — examining both monetary union and monetary targeting; and banking supervision and regulation. He was also a skilled applied econometrician, with a range of publications on specific modelling problems.

David, moving seamlessly between academic and policy positions, was the antithesis of the ivory tower academic. He spent seven years in economic modelling and policy analysis at the UK National Institute of Economic and Social Research and a further seven years as head of industrial economics at the UK National Institute of Economic and Social Research. From the mid-1990s onward his career was spent outside of the UK, in New Zealand and Finland (while continuing to serve as production editor for the EJ); through all his various moves he gave considerable time to proof reading the full range of articles published in the EJ, and to assisting with the development of their online system for production. A year’s visit at the New Zealand Institute of Economic research in 1985 initiated a long lasting and close connection with that country. He subsequently served from 1994-97 as chief manager of the economics division at the Reserve Bank of New Zealand — in effect, chief economist.

www.res.org.uk/view/resNewsletter.html
Obituaries

He then joined the Bank of Finland’s Research Department where he worked for a decade. His title was advisor to the Board. Part of his role was to help the bank improve the work of its research department. There could scarcely have been a job better tailored for David’s expertise and experience. He was able to comment on work over a substantial area, suggest fresh areas of research, and bring in a wide range of visitors to interact with the department, often collaborating with its members in research projects.

He also acted as policy advisor, contributing to both the monetary policy and the financial stability sides of the Bank. Drawing on his New Zealand experience, he stressed the role of transparency and commitment in monetary policy, and developed a close rapport with Matti Vanhala, Governor and ECB Governing Council member.

David’s concerns about the weaknesses of banking regulation in the then newly established euro area also led to what was to become his most influential scholarly work. He edited and co-authored a series of timely books on banking regulation and financial stability during his Finland years: Improving Banking Supervision (2001, with Liisa Halme and Aaro Liukisila); Who Pays for Bank insolvency? (2003; with Aaro Liukisila); The Structure of Financial Regulation (2007, with Geoffrey Wood); The Future of Financial Markets (2006) and Deposit Insurance (2007, with Andrew Campbell, Raymond J La Brosse and Dalvinder Singh). In all these volumes, David promoted the idea of regulation based on bank transparency, market discipline and strong early intervention powers and the need to integrate legal, central banking and fiscal perspectives. After the euro crisis we can see how prescient this work was.

He had planned to retire when he returned to New Zealand, and bought a boat so that he could take up sailing. But he could not resist resuming both research and teaching, first as visiting professor at Auckland and then becoming Professor of Banking and Financial Institutions as well as Director of the European Institute and Co-director of the New Zealand Governance Centre. He also took up visiting posts at institutions around the world — visiting Professor at the University of Buckingham, visiting Fellow at the University of Paris and visiting Researcher at the University of Oslo, and was an active executive committee member of the International Banking, Economics and Finance Association organising sessions for them at the Pacific rim meetings of the Western Economics Association International.

He remained both wide ranging and prolific in his research, with a flow of further volumes and journal publications on both central banking and financial regulation (e.g. Towards a New Framework for Financial Regulation, with R Pringle and M Taylor, Designing Central Banks, with G Wood, and the planned volume he was working on at the time of his death with the provisional title of Regulatory Responses to the Global Financial Crisis).

In addition to his substantial professional activities, he took a keen interest in music. Finland has a very active classical music scene, which David much enjoyed during his stay in the country. He was a regular visitor to the Savonlinna Opera Festival, held each summer in a medieval castle in the lake district of Eastern Finland. After returning to New Zealand he frequently attending performances by the Auckland Philharmonia Orchestra and New Zealand Opera and Ballet. He and his wife also travelled to Christchurch in the South Island and Australia to attended operas, and in the UK summer to the Glyndebourne Opera Festival. He also became a sponsor of Dorset Opera, based near the town in Dorset where he and his wife had bought a house. David also had a keen interest in wine. He lived on Waiheke Island, a large island in the bay of Auckland. It is home to some of New Zealand’s best vineyards, and David soon became an expert on them, and an informed collector of their wines.

David was a remarkable economist and a most engaging man. He was blessed with exceptional communication skills and the ability to engage widely on economic issues with regulators, lawyers, and monetary policy makers. He continued his engagement with both scholarship and policy making until the very end. He will be greatly missed.

Geoffrey E Wood
Cass Business School and University of Buckingham
Alistair Milne,
Loughborough University

* From the editors of the Economic Journal:

David Mayes completed his term as as a Joint Managing Editor of the Economic Journal in 1988 and served as the journal’s Production Editor from 1989 and was a key member of the editorial team during all those years. David reviewed the accepted manuscripts, checked the copy-editing and intervened if needed when authors raised issues about the editing of their manuscripts. David consistently ensured that the production standard of the EJ was impeccable through all the shifts and changes in modern journal publishing and ushered the journal through all these transitions and issues without ever letting the standards slip. He will be sorely missed by the journal and by those of us who have worked with him for many years. We will miss his diligence, dedication, care and the attention he gave the journal to ensure the highest quality content.

The EJ Editors
RES news

Secretary General: Professor Denise Osborn
Chief Executive: Leighton Chipperfield
RES Office 2 Dean Trench Street, Westminster, London, SW1P 3HE Email: resoffice@res.org.uk Telephone: 020 3137 6301 Membership queries: cs-membership@wiley.com or 01865 778171.

RES 2018 Annual Conference
The 2018 RES Annual Conference will be held at the University of Sussex, Brighton on 26th - 28th March 2018.
The keynote lectures will be given by Maristella Botticini (Bocconi), Dave Donaldson (Stanford), Botond Koszegi (CEU), and the Past President’s Address by Andrew Chesher (UCL and CeMMAP).
Early bird registration will open on 8th January 2018. Further details can be found on p. and at http://www.res.org.uk/view/conference.html

Journals publishing contract
The Society has initiated a tender process for the publication of the Economic Journal and the Econometrics journal. The current contract with Wiley terminates at the end of 2018. A working group has been formed to review the bids, with a decision expected early next year.

Social media
The Society recently convened a small working group to critically assess its current communication activities. One of the group’s principal recommendations was that the Society should increase its use of Twitter as a modern and effective form of engagement. As the Society centralises its communications at the new Westminster office, members will see an increase in the organisation’s activity on social media. We encourage members to follow the Society (@royaleconsonc) and to like and share relevant messages with their own followers.

Updating membership details
The Society’s website is the hub for publicising RES activities, so we encourage you to keep your details up to date online. Members joining or renewing online are automatically registered with login access to the RES website. Once registered on the website you can update your membership details. Login is based on the email address and password you supplied in your membership application. Members who have joined by post will need to register online at www.res.org.uk. If you have any queries about your membership, please contact the Membership Services department at cs-membership@wiley.com or telephone +44 1865 778171. International toll free numbers can be found online at www.res.org.uk

Conference diary

2018

January
23-25 January Lisbon, Portugal
CALL FOR PAPERS
World Economic Research Institute (WERI), Faculty of Economics of Ostrava Technical University and the Socio-Economic Research Institute of Piemonte (IRES) are jointly organizing the Seventh International Conference in Economics (EconWorld2018@Lisbon). The Conference program includes plenary sessions, panels, and presentations of contributed papers. The conference is open to all line of theoretical and empirical research in economics, finance and entrepreneurship. Deadlines — for paper submission 1 December 2017; for registration 25 December 2017.
Further information: http://lisbon2018.econworld.org/

February
22-13 February Kuala Lumpur, Malaysia
The 7th Global Business and Finance Research Conference invites papers in Accounting, Banking, Finance, Economics, Management, Marketing, Business Ethics and International Business. The deadline for abstracts is 28 January. The deadline for registration and full papers is 9 February.
Further information: www.malaysiaconfo.com; malaypap@gmail.com

March
14-17 March London
The 85th International Atlantic Economic Conference will be held in London. The conference headquarters and all conference sessions in London will be at the Cumberland Hotel.
Further information: http://www.iaes.org/london-united-kingdom/
### Conference diary

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<th>Date</th>
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<tr>
<td>15-16 March</td>
<td>Paris, France</td>
<td>The Université Paris-Dauphine (France) is pleased to host the 22nd Conference on Theories and Methods in Macroeconomics. (T2M) on March 15-16th, 2018. Keynote speakers of the conference are: Emmanuel Farhi (Harvard University) and Sydney Ludvigson (New York University).</td>
<td>Further information: <a href="https://t2m2018.sciencesconf.org/">https://t2m2018.sciencesconf.org/</a></td>
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<td>23-25 March</td>
<td>Guilin, China</td>
<td>The International Conference on Business Economics and Finance. Keynote speakers include: Prof. Yong Bao, Purdue University, USA  Prof. Shankar Chelliah, Universiti Sains Malaysia, Malaysia</td>
<td>Further information: Email: <a href="mailto:eco_mar@engii.org">eco_mar@engii.org</a></td>
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<td>26-28 March</td>
<td>Brighton</td>
<td>The 2018 RES Annual Conference will be held at the University of Sussex, Brighton on 26th - 28th March 2018.</td>
<td>Further information: <a href="http://www.res.org.uk/view/conference.html">http://www.res.org.uk/view/conference.html</a></td>
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<td>April 2018</td>
<td>Thessaloniki, Greece</td>
<td>The Department of Economics of the University of Macedonia organizes the 4th International Conference on Applied Theory, Macro and Empirical Finance (AMEF), which will be held at the Department of Economics, University of Macedonia, Thessaloniki, Greece. The aim is to bring together researchers, young scholars, post-doctoral researchers and PhD students that are working on the areas of Economics and Finance. Selected papers will be included in special issues of Journal of Economic Asymmetries, Quarterly Review of Economics and Finance and Review of Economic Analysis. Keynote Speakers: Harris Della, University of Bern; Evi Pappa, European University Institute; Thanasis Stengos, University of Guelph; Konstantinos Theodoridis, University of Cardiff.</td>
<td>Further information: <a href="http://amef2018.uom.gr/">http://amef2018.uom.gr/</a></td>
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<td>22-23 May</td>
<td>Paris, France</td>
<td>CALL FOR PAPERS ESCP Europe is to host the 35th International Conference of the French Finance Association. The conference will be jointly organized by ESCP Europe and the Laboratory of Excellence for Financial Regulation (LabEx-ReFi). Keynote speakers include: Maureen O’Hara, Robert W. Purell Professorship of Management; Samuel Curtis, Johnson Graduate School of Management; Michael Weisbach, Professor and Ralph W. Kurtz Chair in Finance, Ohio State University. Papers are invited in all areas of finance. Registration deadline is 31 January 2018.</td>
<td>Further information: <a href="http://www.en'affi.asso.fr/131-conferences.htm">http://www.en'affi.asso.fr/131-conferences.htm</a></td>
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<td>22-25 May</td>
<td>London</td>
<td>CALL FOR PAPERS 9th Economics &amp; Finance Conference is co-organized by the University of Economics Prague and in co-operation with the University of London. The deadline for abstracts and proposals is 22nd April 2018.</td>
<td>Further information: <a href="http://iises.net/current-conferences/economic/9th-economics-finance-conference-london-uk">http://iises.net/current-conferences/economic/9th-economics-finance-conference-london-uk</a></td>
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<td>7-8 June</td>
<td>Aix en Provence, France</td>
<td>CALL FOR PAPERS The 35th International Symposium on Money, Banking and Finance, annual meeting of the European Research Group (GdRE) will be held at SciencePo Aix. It is locally organized by the research department CHERPA. The procedure for submitting an article by the 18th of February 2018 can be found at the website (below). Please read the rules before submitting.</td>
<td>Further information: <a href="https://gdre-scpo-aix.sciencesconf.org/">https://gdre-scpo-aix.sciencesconf.org/</a></td>
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<td>11-12 June</td>
<td>Poznan, Poland</td>
<td>CALL FOR PAPERS Trinity College Dublin, Monash University &amp; Poznan University of Economics and Business are hosting the INFINITI Conference on International Finance 2018 Keynote speaker: Douglas Cumming Professor and Ontario Research Chair York University Schulich School of Business</td>
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Papers are invited in a wide range of topics. The deadline for submissions is 31 January 2018.

Further information: https://infiniticonference.com/call-for-papers-2018/

18-19 June Frankfurt am Main, Germany

The European Central Bank (ECB) is holding its Tenth Workshop on Forecasting Techniques in Frankfurt am Main on 18 and 19 June 2018.

This conference will bring together experts from all fields to exchange new ideas on utilising large datasets for macroeconomic and financial forecasting and to put new insights from econometric and statistical theory into practice in the current macroeconomic environment. The organisers particularly encourage submissions on the following topics:

- big data, unstructured data, high frequency data
- forecasting inflation, exchange rates; finance and forecasting
- forecasting in the presence of structural breaks
- forecasting with dynamic panels
- forecasting with factor models, lasso and other dimension reduction techniques
- machine learning and economic forecasting
- scalable forecasting methods

Invited speakers: Peter Buhlmann (ETH Zurich), Francis X. Diebold (University of Pennsylvania), Serena Ng (Columbia University) and Hal Varian (Google Inc.) have confirmed their participation.

Manuscripts should be submitted as a PDF to conf-forecasting@ecb.europa.eu by 28 February 2018. Please note in your submission whether you are willing to discuss a paper.


18-19 June St Petersburg, Russia

The HSE Center for Market Studies and Spatial Economics will host the 7th International Conference ‘Industrial Organization and Spatial Economics’ in Saint-Petersburg, Russia during the FIFA World Cup.

Keynote speakers are: Laurent Gobillon (Paris School of Economics); Kala Krishna (Pennsylvania State University); Henry Overman (London School of Economics) and Andrés Rodríguez-Clare (University of California, Berkley).


26-30 June Vancouver, Canada

CALL FOR PAPERS
Western Economic Association International 93rd Annual Conference. Keynote Address by Orley Ashenfelter, Princeton University.

Further information: http://www.weai.org/AC2018/

July

25–27 July Granada, Spain

CALL FOR PAPERS
13th International Conference on Interdisciplinary Social Sciences will be held at the University of Granada. The conference examines the nature of disciplinary practices in the study of society and the interdisciplinary practices that arise in the context of ‘real world’ applications of social research and theory. The conference also investigates what constitutes ‘science’ in a social context and the connections between the social and other sciences. The focus of papers ranges from the finely grained and empirical (research practices and results exemplifying one or more disciplines) to wide-ranging multidisciplinary and transdisciplinary perspectives on knowledge and method.


September

5-7 September Göttingen, Germany

INFER and the University of Göttingen are organising the 20th INFER Conference. Previous conferences (cf. the history at http://www.infer-research.eu/) have attracted speakers from many different countries. We welcome both experienced and young researchers, academics and policy-makers and invite papers in a wide-range of topics. The deadline for submissions is 28 February 2018. Papers should be submitted (in pdf file format only) online via Conferencemaker at: https://editorialexpress.com/conference/infer2018

Invited speakers include:
- Prof. Beata S. Javorcik, University of Oxford
- Prof. Simon Gaechter, University of Nottingham
- Prof. Paul Heidhues, DICE, University of Düsseldorf

Further information: http://infer2018.uni-oettingen.de
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• Online access to The Econometrics Journal including accepted papers as soon as they are typeset.
• Free submission of articles to The Economic Journal and the chance to win the RES prize of £3000 awarded every year to the author(s) of the best published paper.
• Quarterly copies of the RES Newsletter including topical articles, comment and letters.
• Reduced registration fees for both the RES Annual Conference and PhD Meetings and JobMarket.
• The opportunity to benefit from JSTOR’s ‘Register & Read’ initiative for individual scholars.
• Discounts on RES scholarly publications and 20 per cent discount on all Wiley books and journals through the RES Office.
• Access to apply for awards and grants offered by the RES as well as the opportunity to elect the RES Council and President of the Society.

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