What have we learned?

At its 2016 Annual Conference, society members overwhelmingly expressed the view that the UK’s leaving the EU would have negative economic consequences — an opinion they reiterated last year. The tone at both meetings was one of regret since most members took the view that, however misguided, the ‘people had spoken’ and the outcome was done and dusted. Who, at those meetings would have thought that, come March 29th 2019 nothing would have been resolved?

As we go to press, still nothing has been decided, and that may still be the position on April 12th (when the Newsletter is distributed). Your editor’s view in 2016 and after was that any substantial delay, implausible as it was, was bound to favour a reconsideration of the decision as the consequences became more widely and clearly acknowledged. It is true that the possibility of another referendum (a ‘people’s vote’) has increased somewhat in recent months, but this appears to owe more to its potential to clear an impasse than to any objective reappraisal of costs and benefits. Many readers will recall that the decision to ‘Leave’ provoked some discussion in these pages (and elsewhere) of the difficulty that the economics profession seems to have in connecting with a broad audience. The fact that the costs of leaving have not become more widely recognised with time, is perhaps further evidence of this difficulty.

In recent years, the April Newsletter has become the ‘issue of the Reports’. These don’t make for the most exciting reading but they all three testify to the steady progress being made by the Society and its key publications. Members looking for something more controversial, especially if they have an interest in UK universities, will be interested in Woon Wong’s argument that the financial position of their pension fund has been severely misrepresented, and with seriously adverse consequences.
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.

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

The Newsletter

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

Visit our website at: www.res.org.uk/membership/newsletter.html

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

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The recent death of Alan Krueger prompts Angus Deaton to reflect on the reception accorded to the suggestion, more than twenty years ago, that a minimum wage can sometimes increase the level of employment.

My first letter from America, in 1996, was about the minimum wage, a topic that has lost none of its freshness, relevance or capacity to divide and upset. I wrote about the work by my then colleague David Card and Alan Krueger, who used evidence from a number of natural experiments to argue that modest increases in the minimum wage did not, as the textbooks asserted, lead to decreases in employment, but might actually do the reverse, causing both employment and wages to rise.

Can a minimum wage increase employment? The work — then and now — polarizes both economists and politicians. An apt quote is from Jason Furman who wrote that their results ‘changed the mind of half of the profession’. In 1996, I wrote that, at the time, Princeton economists who defended the results were treated as if they had been defending child molestation. Both Card and Krueger were abused in the press — ‘camp following whores’ — long before Twitter and Facebook made such horrors seem almost polite.

I have been thinking back to this because Alan Krueger died on March 16. Over his sadly shortened career, he made lasting contributions to economics over a range of fields. He also had a high-level career in policy, in the Department of Labor, in the Treasury, and as President Obama’s Head of the Council of Economic Advisors, then a cabinet level position. David Card, his coauthor on the minimum wage studies, now at UC Berkeley, continues a career of extraordinary productivity, less often in the public eye than Krueger’s, with the notable exception last year when he testified on behalf of Harvard University in the (still undecided) lawsuit alleging that its admissions policies discriminate against Asian-Americans. Their work, together with that of others, particularly Joshua Angrist, who was a graduate student at Princeton around the same time, changed empirical economics, away from the theory-based structural modelling that was the standard at the time, and towards a reliance on natural experiments — which they showed were much more common than many of us had supposed — and from there to a general reliance on methods that created two arguably identical groups that were treated differently and, ultimately, to randomized controlled trials.

The evidence suggests so

When it comes to assessing the ultimate impact of the empirical revolution of which Krueger was then part, as Zhou Enlai said in 1972 about the French Revolution, it is too early to tell. Yet there is no doubting the impact of the work on the minimum wage. Although the Federal minimum wage of $7.25 an hour has not been increased since July 2009, there have been many increases by the states. Twenty-nine states have higher rates, ranging from $8.25 in Illinois to $12 in Washington (state), and the cities of Seattle and San Francisco have minimum wage levels of $15 an hour. Using the local changes as natural experiments, methods akin to Card and Krueger’s have by now been used in many studies. My reading is that these replicate Card and Krueger more often than not, but not always so, and the defenders of textbook orthodoxy have certainly not given up. About seven out of ten Americans think the Federal minimum should be raised, and the failure of Congress to pass such legislation is a testament to the power of lobbying in Washington, particularly the fast-food lobby. Which also continues to commission studies that buttress the conservative position that trying to help people this way can only hurt them.

My friend Anthony Appiah, a philosopher who thinks about and comments on public policy, recently asked me, with some irritation, why economists had still not managed to settle what seemed like a straightforward question. Rather in the same tone that I imagine the Queen used when asking why the profession had failed to predict the Great Recession. But perhaps Appiah’s question is ill-posed and has no general answer? Why do we economists — as well as non-economists — suppose that the effect of a treatment should always be the same, or at least always act in the same direction?

Monopsony may be the key

Recent work has gone back to theory, and asked about the theoretical circumstances under which increasing the minimum will or will not decrease employment. The conditions were analyzed in Card and Krueger’s book Myth and Measurement; if the employer has market power, and can influence the wage by hiring or dismissing workers, then an increase in the minimum may, depending on the circumstances, increase the demand for labor. If those circumstances hold, a higher minimum wage not only makes workers better off, but does so at the expense of the monopsony profits of the employer. In the 1990s, monopsony in the labor market, particularly
the fast food industry, was generally dismissed; I remember defending the original results using a monopsony story and being told that ‘no one believes that.’ But recently, there has been a real revival of interest in monopsony, particularly in places where population density is low and where there are relatively few employers—a few fast food places, a chicken processing plant, or a state prison. Geographical mobility has fallen in America, in part because of the high cost of housing in successful cities, and people may find it difficult to move as a family when several family members are working. So that it does not seem unlikely that fast food restaurants would use their market power to lower wages, in at least some places, behavior that is consistent with other practices like their widespread use of non-compete clauses and no-poaching agreements.

A charge frequently leveled against Card and Krueger’s original work was its neglect of theory, a charge that might well be sustained for a good deal of the subsequent empirical work using natural or actual experiments, but not for Myth and Measurement. There is real vindication today when, not only the results, but the theory, are being taken seriously as part of the current reevaluation of the role of market power in the American economy, and particularly its role in holding down wages.

### Economics Network

**Jobs Advertising**

If you are recruiting or looking for teaching positions in HE economics we have a jobs page on our website. Contact us if you would like us to add a post to this page.

**Gender Bias in the Economics Profession**

For International Women’s Day, just a reminder that we have an ongoing micro-blog about gender bias in the economics profession with some key readings, videos and links. Visit the blog and please get in touch if you have any recommendations of articles or resources we can include.

**New case study**

We have a new teaching case study from Professor Steve Cook (Swansea University) which focuses on ‘Forecast Evaluation using Theil’s Inequality Coefficients’ — visit our Ideas Bank to find out more.

https://www.economicsnetwork.ac.uk/

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### MORE from CORE

**Can CORE help economics get over its gender problem? A call for proposals.**

CORE is inviting teachers, students and others to propose ways to explore whether our introductory courses *The Economy and Economy, Society, and Economic Policy* may help to correct the gender imbalances in those studying and teaching economics, or in the economy and society at large.

Proposed projects should indicate the research question(s) to be answered, how a causal impact of exposure to CORE could be identified, the student population and research design that will be implemented, and the likely dates of the implementation. Feel free to contact Antonio Cabrales, Eileen Tipoe or Homa Zarghameeto discuss your ideas. Final proposals (2-4 pp in length) should be sent to Eileen before 1 June 2019.

If the proposals that we receive are sufficiently promising, we will schedule a session to discuss them at our upcoming CORE Royal Economic Society Nuffield Foundation workshop at Warwick University in late June 2019.

Further information: https://www.core-econ.org/core-call-for-research-proposals-economics-gender-problem/

### Introducing CORE labs

There is a new feature on the CORE website — CORE Labs, a platform for teachers using CORE where they can ask questions, start discussions and find additional resources.

CORE Labs works both as a discussion forum and a library of resources created by teachers that have been using CORE in instruction. Over 7,600 teachers that have registered on the CORE website have access to it.

Using CORE Labs, teachers can:

- Create their own group, either private or public, and invite others to join. Use it to start a group discussion or to collaborate.
- Search a database of resources created by other teachers – assessment materials, lecture slides, exercises, or syllabi of their CORE courses.
- Have a question? Ask other CORE teachers if they can help.

https://labs.core-econ.org/login/

The CORE project is supported by the Royal Economic Society
Secretary-General’s Annual Report

This is an edited version of the Secretary-General’s Annual Report presented to the Society’s AGM at the Annual Conference at the University of Warwick on 16th April 2019. The full report is available at https://www.res.org.uk/about/our-structure/annual-general-meeting.html.

1. Introduction
Following the establishment of the Society’s London office in 2017 and the appointment of its first directly appointed staff, developments in 2018 were largely concerned with important outward-facing matters, notably medium-term strategy, journal publishing contract, website and membership systems. Alongside these, the Society has continued (and indeed further developed) its wide range of activities to promote and support economics in the UK and internationally. This report can only give an overview of RES activities over the past year, together with a brief look at some developments coming on stream in the near future.

2. Strategy and RES Presidents
After consultation with our stakeholders, particularly RES members, the Society adopted its first formal medium-term strategy in summer 2018. The strategic priorities for 2019-2023 (which are published on the RES website and in the RES Newsletter) are:

- Enhancing the credibility and visibility of economics;
- Supporting economists;
- Improving diversity;
- Working effectively.

The Society’s trustees (the Executive Committee) have agreed mechanisms through which these priorities will be supported over the next four years, and further information on these can be found on our website (www.res.org.uk). Decisions on new activities are now taken with these priorities in mind and success will be judged each year in relation to them.

Thanks are due to Nick Stern for his leadership as RES President over this year of change and development. His judgement has been very important in decision-making and he has led from the front in relation to the Society’s first priority of enhancing the credibility and visibility of economics. Everyone involved is also grateful to Peter Neary who steps down as Past-President at this year’s AGM. As noted in my report last year, Peter has played a pivotal role in the establishment of the London RES office and hence, in particular, helping the Society to work more effectively.

The 2019 AGM sees Rachel Griffith confirmed as President for 2019-2020 and Carol Propper as President-Elect. It is worth pausing here to note that Rachel is only the second woman President of the Society in its long history dating back to 1890, with the first being Phyllis Deane (1980-1982). It is, however, a mark of change that the RES will now have two women Presidents in succession. Rachel has been very active during her year as President-Elect, particularly in relation to publishing activities.

3. Website, membership and finances
A well-functioning website is crucial for all the Society’s activities. After much work behind the scenes by RES staff and volunteers, the Society’s new website was launched in December 2018. Ease of navigation was a key consideration in the design of the website, with the aim of allowing members and others interested in economics to quickly find information. Further website developments will take place in 2019 and beyond, further enhancing the Society’s engagement with members, the media and the public.

Engagement with members has been hampered in the past because the Society did not hold its own membership database. This situation has now been rectified, with the RES office taking responsibility from October 2018 for all membership matters, including renewals. Alongside the new website, development of the membership management system has been a major undertaking for staff over the past year.

RES membership is healthy, rising from 3,918 at the end of 2017 to 4,056 a year later, marking a return to the upward trend seen prior to 2017. The number of student members also rose slightly, from 1125 in 2017 to 1216 in 2018. The geographic distribution of membership remains relatively constant, with 43 per cent based in the UK, 27 per cent elsewhere in Europe, 16 per cent in the US and 14 per cent in the rest of the world.

Staff appointments and one-off costs associated with development of the new website and membership system substantially increased expenditure last year, leading to a deficit of expenditure over income of approximately £200k for 2018. Nevertheless, as reported by the Honorary Treasurer (Sue Holloway), the Society remains in a relatively healthy financial position due to the considerable reserves built up over previous years. As at December, these reserves stood at £6m, despite a decline of over £750k over the year, due not only to the deficit but also to the general decline in the stock market.

The Society is by no means complacent about its financial position and the Executive Committee has charged a working group with exploring ways to increase and diversify income. The aims are to reduce reliance on publishing income from the Economic Journal and to achieve a break-even budget by 2021. With the consid-
4. Academic support: journals and conferences

Publication of the Economic Journal (EJ) and the Econometrics Journal (EctJ) together with the organisation of the RES Annual Conference remain the principal academically focused activities of the Society. As from this year’s AGM, the Society has established a Publications Committee, with Imran Rasul as its first chair. This new committee will oversee the Society’s journals, working with the editors and others to build on the already strong international reputation of the RES in this area.

Having been published by Wiley Blackwell for many years, the EJ and the EctJ are being published by Oxford University Press (OUP) from January this year (2019). This change was decided after a tendering exercise and careful discussion. The RES thanks Wiley Blackwell for their support and assistance over a long period, while looking forward to working with OUP in the future.

The EJ continues to thrive, with submissions (at 1,770) up 6 per cent from 2017, which was itself a record. Alongside this, the EJ achieved its highest ever impact factor of 2.946 in the latest figures issued (in June 2018). The international reach of the journal is emphasised by the geographical split of 2018 submissions, with 17 per cent from the UK, 37 per cent from the rest of the EU, 24 per cent from the US and Canada, and 22 per cent from the rest of the world. The Society is very grateful to the editors for the huge efforts they make to further enhance the already high reputation of the EJ and ensure that it remains one of the leading international journals in economics. Particular thanks are due to Martin Cripps and Kjell Salvanes who completed their terms as Managing Editors during 2018, and the Society welcomed Gilat Levy and Barbara Petrongolo to the team of Joint Managing Editors.

Submissions to the EctJ fell in 2017, when a new editorial policy was introduced which aims at fast dissemination of more focused papers which have substantive applied value. However, the new procedures have now bedded in and their value is more widely understood, with 132 papers submitted in 2018 (an 80 per cent increase compared to 2017). The Editors work to ensure that papers are reviewed quickly, with decisions on around 95 per cent of last year’s new submissions taken within three months. The Society is grateful to all on the editorial team, led by Jaap Abbring as EctJ Managing Editor. John Rust stepped down as a Co-Editor for personal reasons at the end of 2018; the Society welcomes Petra Todd as Co-Editor from early 2019.

The 2018 RES Annual Conference was held in March at the University of Sussex, a return to the excellent venue where the 2016 conference was also held. Simon Gaechter (Nottingham) and Ingo Borchert (Sussex) were Programme Chair and Deputy Chair, respectively, working with George MacKerron (Sussex) as Local organiser. Keynote lectures were presented by Mariestella Bottocini (Bocconi, Hahn Lecture), Dave Donaldson (MIT, Sargan lecture), Botond Koezegi (CUE Budapest, Economic Journal Lecture) and Andrew Chesher (Past-President’s Lecture), while the programme also featured a plenary session on Brexit. In addition, around 500 submitted papers were presented in parallel sessions during the conference and 19 special sessions (including one organised by the Women’s Committee) of themed papers took place.

A total of around 780 people (including local staff and RES officers) attended the conference, making this a very large event. One measure of success is provided by the post-conference survey of delegates, in which 90 per cent of respondents rated their overall experience as excellent or good and 9 in 10 would recommend the conference to others. Such an event requires a great deal of background work to be academically and socially successful and the Society is grateful to all involved in the organisation, including office staff.

The Society also operates a grant scheme which provides financial support for members involved in the organisation of more specialist conferences and workshops.

5. Supporting postgraduate and undergraduate students

The Society has a long history of supporting postgraduate students in economics, whether they are based in the UK or elsewhere. The RES PhD Symposium, for which the academic programme is organised by a committee of students, is now well-established and takes part immediately after the Annual Conference at the same venue. A total of 105 delegates (mainly third- or fourth-year PhD students and around two-thirds from non-UK universities) attended the 2018 symposium, which included over 60 paper presentations. Although also very positive about the papers, the post-event delegate survey indicated that networking was the most valuable aspect of the symposium. This underlines the importance of having such an event designed for, and organised by, PhD students in economics.

As it has done in December/January each year since 2006, the Society also organised a job market meeting for completing PhD students in December 2018. The event was reasonably successful, with over 150 students registered and 92 presenting papers. Nevertheless, it was disappointing that only 9 recruiters attended. A new development which undoubtedly affected the RES event was the first job market meeting organised by the European Economic Association, which was also held in December 2018. This was much larger than the RES meeting, in
terms of both representation by recruiting institutions and attendance by students on the job market. The December RES meeting is likely to be the last in that format, since it will be merged with that of the EEA and the Spanish Economic Society from 2019 onwards; the new meeting will be known as the European Job Market meeting. The Society is looking forward to participating in this important new European collaboration.

The 2018 RES Easter Training School, which was the twenty-eighth such event, was led by Chad Syverson (Chicago) and Jan De Loecker (KU Leuven) on the topic of productivity across firms, markets and economies. The pool of applicants (mainly advanced PhD students from both the UK and overseas) was strong, so that the Easter School Director (Eric Smith, Essex) and the lecturers found it difficult to select among them. As with previous Schools, attendees were also welcomed from outside academia (including the Office for National Statistics and the Bank of England), as well as from universities.

In addition to the Symposium, Job Market Meeting and Training School, the Society supports PhD students by allowing those presenting papers at the RES Annual Conference to reclaim conference fees and expenses from the RES, with other (non-presenting) students paying a minimal fee to attend. Students and other early career researchers are also given priority in the allocation of grants to support their presentations at international conferences, whether held in the UK or overseas.

The Society’s undergraduate video competition ran for the second time in 2018. The competition, which is designed to encourage students to communicate what they learn, requires an individual or a small group of undergraduate students to make a short video to explain an economic topic of their choice to a general audience. Interest in the competition substantially increased from 2017, with 16 entries from 13 universities in the 2018 competition compared with 5 entries from 5 universities in 2017. The judges agreed that the standard of entries was high.

Over the last year the RES has expanded support provided to undergraduate students through both the Economics Network and, in a new initiative, in conjunction with CORE. The Economics Network (EN) has a very good record of support for undergraduate economics education through the provision of student learning material and training of early career lecturers and graduate teaching assistants. The RES has financially supported these activities over a long period, with the amount increased from 2018 onwards so that EN can provide additional training events. From 2018, the RES is also providing funds to help train those who wish to switch from a more traditional approach to undergraduate teaching to that of CORE (Curriculum Open-access Resources in Economics), which focuses on active student engagement with real-world issues. This CORE training will be provided by EN.

6. Communication and engagement

Alongside the Publications Committee mentioned above, the RES has established a new Communications and Engagement Committee, with Helen Miller (IFS) as its first chair. This Committee will operate from the 2019 AGM and work with Barry Watts (RES Communications and Engagement Manager) to enhance the Society’s communication and engagement activities across a wide range of audiences.

Perhaps the most important RES initiative on communicating economics to a general audience in recent years has been RES Presents, a series of early evening events held at or near the location of the RES Annual Conference. This series began at Bristol in 2017 (largely on the initiative of the 2017 Conference Programme Chair, Sarah Smith) and, by holding these events on the evenings of the conference, the Society has been able to engage high profile speakers to talk on topical issues, often mirroring more academic sessions held during the conference. RES Presents was held in 2018 in Brighton and at the University of Sussex, covered higher education, Brexit and the police, each with four speakers, a chair and a lively debate with the audience after the presentations.

The principal engagement activities to date in relation to schools have been the RES Annual Public Lecture and the Young Economist of the Year competition. The 2018 Public Lecture, delivered by Oriana Bandiera on the topic ‘What economists really do’, was enthusiastically received in London and at the University of York (the latter under the first year of a three-year agreement with the Society). In common with all other Public Lectures since 2013, Oriana’s lecture can be viewed through the RES website. In line with the Society’s strategic priority of improving diversity in economics, efforts are being made to widen the range of schools who attend the Lecture. As a result of these efforts, the number of comprehensive schools attending the 2018 Lecture in London exceeded private schools for the first time (14 comprehensives, six grammar schools, 13 private schools). Nearly half of the Public Lecture attendees in York were from schools, with eight of the nine schools represented being comprehensives.

The Young Economist of the Year essay competition was again run during 2018 in conjunction with tutor2u. With the aim of attracting the participation of a wider range of students and schools, more prizes were offered in 2018 than in previous years and the number of entries increased (1298 in 2018 compared with 1046 in 2017). The standards were once again high and feedback from winners and their families at the presentation of prizes emphasised that the competition can fire the enthusiasm of students studying A-level economics to think about the economic aspects of contemporary issues.
Through a series of new grants under the banner of ‘Discovering Economics’, the Society is working with a number of university economics departments to increase the diversity of undergraduate economics students in the UK. More specifically, £20k funding was allocated in late 2018 to a total of eight departments for events to be held during 2019 for school students, with priority given to events designed to increase diversity. The Society will monitor the success of this initiative and will continue to discuss with other stakeholders (including the Government Economic Service, the Bank of England and the Scottish Economic Society) how best to promote the study of economics to a diverse range of school students.

As in recent years, the Society provided financial support for the 2018 Festival of Economics at Bristol and co-operated with the British Science Association by nominating the President of its Economics Section. The 2018 BSA Economics Section President was Barbara Petrongolo, who organised a session ‘Mind the gender gap’ at the 2018 British Science Festival.

The RES Newsletter is an important channel through which the Society communicates with our members, including news, articles, obituaries and correspondence. Peter Howells continues his excellent work as Newsletter Editor, for which the Society is very grateful.

7. Women’s Committee and CHUDE

Under their respective chairs, namely Sarah Smith and Eric Pentecost, the RES Women’s Committee and CHUDE (Conference of Heads of University Departments of Economics, an RES committee) have been involved in a number of the student and other communication/engagement activities mentioned above.

In addition to on-going activities, Women’s Committee members have given talks on women in economics at a number of external meetings. To support early career female academic economists, the Women’s Committee has revived its mentoring retreat, with the next to take place immediately prior to this year’s RES Annual Conference. The 2019 retreat was substantially over-subscribed, with over 100 applications for 27 places. In recent years members of the Women’s Committee have been largely academic, but membership was widened during 2018 to include representatives from the Government Economic Service, Bank of England and Society for Professional Economists.

CHUDE continues to represent UK university departments of economics within the RES structure. As such, it led in the drafting of joint CHUDE/RES responses to a number of government consultations held during 2018, including on the 2021 Research Excellence Framework, the developing Teaching Excellence Framework and the future Knowledge Excellence Framework. CHUDE also assists the broader RES by participating in relevant discussions and by promoting events, activities and grants designed for undergraduate and postgraduate students.

8. RES officers, Council and staff

In addition to the RES Presidents, discussed above, a number of other RES officers completed their terms over the last year. I am personally indebted to Robin Naylor, who served as Deputy Secretary-General from 2011 until the end of 2018. In addition to leading on many activities over this period, especially in relation to communications and engagement (widely defined), his help was invaluable in the early part of my term as Secretary-General. Prior to becoming Deputy Secretary-General, Robin served the Society in a number of other capacities, including as RES Conference Secretary.

Thanks also go to Neil Rickman, who stepped down as Conference Secretary in the autumn, having overseen a substantial growth in the RES Annual Conference over his period in the role (2012-2018), and to Eric Pentecost, who was CHUDE chair for six years (2013 to 2018). Robin, Neil and Eric were also trustees of the Society and members of the RES Executive Committee while serving in those roles. The new CHUDE chair is Jo Swaffield (York), while Michael McMahon (Oxford) is now Conference Secretary. With the re-organisation of the Society’s administration, the Deputy Secretary-General’s post has been discontinued. Meanwhile, Sue Holloway continues in her role as RES Honorary Treasurer, putting considerable effort over the last year into the re-organisation of the Society’s accounts.

The 2019 AGM marks the end of the five-years terms of six Council members, James Banks, Diane Coyle, Amrita Dhillon, Stephen Machin (who also served as a Council representative on the Executive Committee and a trustee of the Society), and John Van Reenen. All are thanked for their service to the RES and the Society looks forward to their continued active involvement in other ways.

The day-to-day operations of the Society are now run by the RES staff, under Leighton Chipperfield as Chief Executive. Leighton, who has been in post since May 2017, and was the driving force behind the development of the RES strategy 2019-2023. He is ably assisted by Marie-Luiza De Menezes (Operations Manager) and Barry Watts (Communications and Engagement Manager). Other staff are Antonia Glanfield (Publications Officer), Gabriella Di Salvo (Events and Conference Coordinator), Iara De Menezes (Finance Officer) and, most recently, Raj Chana (Executive Assistant). Staff numbers have expanded over the last year primarily due to the centralisation into the RES office of administration previously done off-site. However, beyond possible short-term posts to work on specific projects, no net addition to the staff level is envisaged for the foreseeable future.

The assistance of all who contribute to the work of the RES, including staff, journal editors and many individuals who act in an honorary capacity, has been invaluable over the last year in helping the Society to promote and support economics.
Economic Journal — Editors’ Annual Report, 2018

This is an edited version of the full report which is available at https://www.res.org.uk/about/our-structure/annual-general-meeting.html. The table numbers used below are the numbers used in the full report.

Highlights

Continued growth, improved impact

- In 2018, the journal received 1,770 submissions, up 6 per cent from 2017. This is the highest number of submissions ever for the journal. Acceptance rates are now just below 5 per cent.
- The 2017 Impact Factors (released in June 2018) saw an increase in the journal's Impact Factor, from 2.608 in 2016 to 2.946 in 2017, its highest ever score.

Increased turn-around times

- The journal benefits from a set of dedicated referees and Associate Editors who have continued to deliver high quality and timely reports: More than 90 per cent of referees submit their reports within three months.
- Turnaround times have nevertheless increased for a second year in a row, essentially due to the volume of submissions received and slower editorial decisions.

Operations

- To accommodate the increase in submissions, features and conference papers were discontinued (the last features and conference papers were published in 2018) and an extra issue was published in 2018 to reduce the backlog of accepted papers (the journal will return to its usual frequency of 8 issues per year in 2019).
- The journal moved from Wiley to Oxford University Press (OUP), with the new publishing contract starting from January 2019.
- The new EJ webpages on the RES site were developed and launched in 2018.
- The journal continues to use its Twitter profile to promote news and journal content. As the Media Consultant’s term came to completion at the end of 2018, the Managing Editors and the Publications Officer will share the responsibility of coordinating social media activity from January 2019 onwards.

People

- Martin Cripps and Kjell Salvanes completed their terms as Managing Editors during 2018.
- Gilat Levy and Barbara Petrongolo joined the board as Managing Editors in 2018.
- As of 31 December 2018, the journal had achieved full gender parity among its editors (4 male editors, 4 female editors), a unique position among the leading journals in economics.
- Morten Ravn’s role as Managing Editor coordinating the office and RES Executive Committee member came to completion in December 2018, though he remains on the board as a Managing Editor handling papers until the end of May 2019. His role will be divided between Estelle Cantillon, who will act as the Managing Editor coordinating the office and Barbara Petrongolo, who will serve on the RES Executive Committee.
- The Editorial Office moved to the RES office from UCL in April 2018, following Benita Rajania’s term completion. Antonia Glanfield assumed the role of Publications Officer in April 2018.

Outlook

- The transition to OUP is nearly complete but will still require time and attention in 2019 as processes are put in place to ensure production quality and editors work with OUP to promote the journal.
- Plan S1 is a potential game changer in academic publishing. With a quarter of accepted papers funded by Coalition S members and close to 50 per cent of authors of accepted papers coming from Plan S countries, EJ is directly impacted. The editors are eager to maintain the current high standard of papers published in the journal, whilst ensuring viability.
- Both in the context of Plan S and to bring the workload to a more manageable level, the editors are keen to work towards the implementation of a submission fee for the journal in 2019 (as approved by the Executive Committee in October 2018).

1. Editorial team

1.1. Current Editorial Team

Joint Managing Editors:

Estelle Cantillon, Université Libre de Bruxelles
Nezih Guner, CEMFI Madrid
Rachel Kranton, Duke University
Gilat Levy, London School of Economics
Barbara Petrongolo, Queen Mary University
Morten Ravn, University College London
Frederic Vermeulen, University of Leuven
Hans-Joachim Voth, University of Zurich
1.2. Editorial Board Changes
Incoming and outgoing Managing Editors overlap for 6 months (where possible) to allow for a smooth transition.

Giat Levy joined the board in February 2018 and Martin Cripps left the board in July 2018.
Barbara Petrongolo joined the board in April 2018 and Kjell Salvanes left the board in October 2018.
Francesco Lippi joined the board in January 2019.

Table 1: Submissions and decisions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Submitted features</th>
<th>Submitted conference</th>
<th>Accepted</th>
<th>Conditionally accepted</th>
<th>Returned for revision</th>
<th>Rejected</th>
<th>Summarily rejected</th>
<th>Pending</th>
<th>Withdrawn/removed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1770</td>
<td>1768</td>
<td>0</td>
<td>2</td>
<td>79</td>
<td>32</td>
<td>94</td>
<td>384</td>
<td>956</td>
<td>223</td>
<td>2</td>
</tr>
<tr>
<td>2017</td>
<td>1676</td>
<td>1629</td>
<td>3</td>
<td>43</td>
<td>83</td>
<td>26</td>
<td>115</td>
<td>347</td>
<td>884</td>
<td>173</td>
<td>1</td>
</tr>
<tr>
<td>2016*</td>
<td>1215</td>
<td>1145</td>
<td>5</td>
<td>65</td>
<td>73</td>
<td>33</td>
<td>54</td>
<td>212</td>
<td>614</td>
<td>156</td>
<td>3</td>
</tr>
<tr>
<td>2015</td>
<td>1529</td>
<td>1372</td>
<td>76</td>
<td>81</td>
<td>92</td>
<td>49</td>
<td>135</td>
<td>370</td>
<td>725</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2014</td>
<td>1428</td>
<td>1251</td>
<td>86</td>
<td>91</td>
<td>93</td>
<td>44</td>
<td>136</td>
<td>353</td>
<td>624</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>1301</td>
<td>1136</td>
<td>74</td>
<td>91</td>
<td>58</td>
<td>34</td>
<td>132</td>
<td>407</td>
<td>501</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

*Results taken from January 1, 2016 to September 30, 2016. Total number of submissions from Jan 1 to Dec 31, 2016 was 1617.

2.2 Editorial Processing Time (Tables 3-5)
Table 3 provides statistics on turnaround times for submitted papers. Whilst the proportion of papers dealt with within 3 and 4 months has remained constant, there has been an increase in the proportion of papers taking more than 6 months.

Desks rejected papers are not sent for review, as the editors feel these papers have a low probability of getting published, therefore the turnaround times for these papers remain low.

The bulk of the increase in turnaround times comes from papers sent to referees. Table 4 shows that this is not due to a deterioration of the performance of the referees and Associate Editors, who continue to submit timely reports, but to delayed decisions. The editors are working hard to cut down on these delayed decisions.

Table 5 shows the number of new submissions handled by each Managing Editor and the number of resubmitted revisions (as shown by the +). Each editor handles around 200 papers per year.

Table 2: Geographical Distribution of First Regular Submissions

<table>
<thead>
<tr>
<th>Regions</th>
<th>2018</th>
<th>2017</th>
<th>2016*</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED KINGDOM (GB)</td>
<td>278 (17%)</td>
<td>259 (17%)</td>
<td>151 (15%)</td>
<td>219 (19%)</td>
</tr>
<tr>
<td>USA &amp; CANADA</td>
<td>380 (24%)</td>
<td>376 (25%)</td>
<td>255 (25%)</td>
<td>296 (25%)</td>
</tr>
<tr>
<td>UNITED STATES (US)</td>
<td>336</td>
<td>316</td>
<td>224</td>
<td>260</td>
</tr>
<tr>
<td>CANADA (CA)</td>
<td>44</td>
<td>60</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>EUROPE</td>
<td>600 (37%)</td>
<td>565 (37%)</td>
<td>403 (40%)</td>
<td>450 (38%)</td>
</tr>
<tr>
<td>BELGIUM (BE)</td>
<td>12</td>
<td>13</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>FRANCE (FR)</td>
<td>58</td>
<td>73</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>GERMANY (DE)</td>
<td>168</td>
<td>157</td>
<td>132</td>
<td>113</td>
</tr>
<tr>
<td>ITALY (IT)</td>
<td>84</td>
<td>63</td>
<td>43</td>
<td>64</td>
</tr>
<tr>
<td>NETHERLANDS (NL)</td>
<td>40</td>
<td>43</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>SCANDANAVIA</td>
<td>77</td>
<td>81</td>
<td>63</td>
<td>70</td>
</tr>
<tr>
<td>SPAIN (ES)</td>
<td>32</td>
<td>37</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>OTHER EUROPE</td>
<td>129</td>
<td>98</td>
<td>76</td>
<td>85</td>
</tr>
<tr>
<td>REST OF THE WORLD</td>
<td>345 (22%)</td>
<td>312 (21 %)</td>
<td>194 (19%)</td>
<td>211 (18%)</td>
</tr>
<tr>
<td>AUSTRALIA (AU)</td>
<td>53</td>
<td>54</td>
<td>37</td>
<td>42</td>
</tr>
<tr>
<td>NEW ZEALAND (NZ)</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>CHINA (CN)</td>
<td>79</td>
<td>62</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>HONG KONG (HK)</td>
<td>28</td>
<td>32</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>INDIA (IN)</td>
<td>17</td>
<td>7</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>ISRAEL (IL)</td>
<td>13</td>
<td>25</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>JAPAN (JP)</td>
<td>37</td>
<td>42</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>OTHER</td>
<td>112</td>
<td>87</td>
<td>70</td>
<td>66</td>
</tr>
</tbody>
</table>

*Results taken from January 1, 2016 to September 30, 2016.

www.res.org.uk/membership/newsletter.html
Table 3: Time Taken from Submission for Editor to Respond to Author with Decision (for First Regular Submissions)

<table>
<thead>
<tr>
<th>All papers</th>
<th>2018</th>
<th>2017</th>
<th>2016*</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14 days</td>
<td>51%</td>
<td>53%</td>
<td>62%</td>
<td>53%</td>
</tr>
<tr>
<td>15 days - 1 month</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>1-2 months</td>
<td>5%</td>
<td>7%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>2-3 months</td>
<td>11%</td>
<td>11%</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>3-4 months</td>
<td>11%</td>
<td>11%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>4-5 months</td>
<td>6%</td>
<td>6%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>5-6 months</td>
<td>4%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>more than 6 months</td>
<td>4%</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Summarily rejected

| 0-14 days | 83% | 88% | 92% | 84% |
| 15 days - 1 month | 13% | 11% | 8%  | 10% |
| 1-2 months | 3%  | 1%  | 0%  | 1%  |
| 2-3 months | 1%  | 0%  | 0%  | 1%  |
| 3-4 months | 1%  | 0%  | 0%  | 2%  |
| 4-5 months | 0%  | 0%  | 0%  | 2%  |
| 5-6 months | 0%  | 0%  | 0%  | 0%  |
| more than 6 months | 0%  | 0%  | 0%  | 0%  |

Papers sent to referees

| 0-14 days | 2%  | 3%  | 14% | 2%  |
| 15 days - 1 month | 2%  | 4%  | 10% | 3%  |
| 1-2 months | 7%  | 9%  | 20% | 11% |
| 2-3 months | 26% | 22% | 22% | 30% |
| 3-4 months | 28% | 34% | 22% | 30% |
| 4-5 months | 15% | 20% | 9%  | 15% |
| 5-6 months | 9%  | 6%  | 2%  | 5%  |
| more than 6 months | 10% | 2%  | 1%  | 3%  |

Sent to referees, rejected

| 0-14 days | 2%  | 2%  | 5%  | 3%  |
| 15 days - 1 month | 2%  | 4%  | 5%  | 4%  |
| 1-2 months | 8%  | 8%  | 19% | 13% |
| 2-3 months | 27% | 30% | 26% | 33% |
| 3-4 months | 29% | 32% | 30% | 28% |
| 4-5 months | 13% | 19% | 10% | 13% |
| 5-6 months | 9%  | 4%  | 3%  | 4%  |
| more than 6 months | 9%  | 1%  | 1%  | 3%  |

Sent to referees, returned for revision

| 0-14 days | 0%  | 0%  | 0%  | 1%  |
| 15 days - 1 month | 0%  | 0%  | 3%  | 0%  |
| 1-2 months | 2%  | 4%  | 12% | 7%  |
| 2-3 months | 21% | 22% | 30% | 18% |
| 3-4 months | 28% | 35% | 42% | 39% |
| 4-5 months | 22% | 21% | 9%  | 21% |
| 5-6 months | 12% | 11% | 3%  | 9%  |
| more than 6 months | 15% | 7%  | 0%  | 4%  |

The article with the highest Altmetric score in 2018 is the paper ‘Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime’ by E Gavrilova et al., published in the Economic Journal in November 2017. This paper has an Altmetric score of 979 which places it in the top 5 per cent of all research outputs scored by Altmetric. The list of EJ articles with an Altmetric score of 100 and higher in 2018 is listed in the appendix of the Report.

3. Operations

3.1. Transition from Wiley to Oxford University Press (OUP)

Both Wiley and OUP follow the TRANSFER Code of Practice, a set of standards that apply when a journal transitions from one publisher to another. Wiley were cooperative in transferring the journal subscription lists, files and technical information needed by OUP.

The transition was nevertheless time-consuming as many new processes had to be put in place and checked. This resulted in delays for the Editorial Office to be able to send accepted papers through to OUP production, with knock-on effects to authors. Eventually however, we are hoping that our contract with OUP will provide better services to authors and readers. One such service is the provision of a better proofing tool.

www.res.org.uk/membership/newsletter.html
A backlog of 60 papers, which had been fully produced, but not compiled into Wiley issues was transferred to the journal’s future publisher, OUP. These 60 papers will fill the first 4 issues of 2019 with OUP.

Two additional benefits came with the transition to OUP. First, OUP recruited the British Library to digitise the Economic History supplement, which will form part of the journal’s online archive. Second, the complete archive of *EJ* will be available online from February 2019.

### 3.2. RES website transition

An audit of the *EJ* content on the RES website was performed in the Spring. The Managing Editors alongside the Publications Officer decided which content should be transferred to the society’s new website and agreed a layout for the *EJ* pages. The new *EJ* webpages were developed in consultation with the RES Communications and Engagement Manager, Barry Watts.

### 3.3. Social Media

The journal’s Twitter page currently has over 7,000+ followers (7,043 as of 24.1.19). The Media Consultant, Romesh Vaitlingam, who also produced Media Briefings for journal articles, stepped down at the end of 2018. The Managing Editors alongside the Publications Officer have been coordinating social media activity from January 2019.

### 3.4. Committee of Publication Ethics (COPE)

The journal is a member of COPE through its association with its publisher and through the journal’s publication ethics policies. The Managing Editors have access to a members-only portal on the COPE website. The portal provides practical advice and enables editors to submit individual cases to the Committee’s forum.

In 2018, the editors have dealt with several cases of (self-) plagiarism and used the COPE guidelines in doing so. In addition, all accepted papers continue to be checked with anti-plagiarism software, before papers are transferred to production.

### 4. Prizes

#### 4.1 Austin Robinson Memorial Prize

The Austin Robinson Memorial Prize is awarded to the best paper published in the journal in a given year by an author (or multiple authors) who is within 5 years of receiving his or her PhD. The winning paper is selected by the Managing Editors.

The 2017 Austin Robinson Memorial Prize was awarded to Josephine Duh and Dean Spears for their article ‘Health and Hunger: Disease, Energy Needs, and the Indian Calorie Consumption Puzzle.’ The 2018 winner will be announced at the annual RES conference in April.

#### 4.2 RES Prize

The Royal Economic Society Prize is awarded to the best paper published in the journal in a given year. It is selected by a committee consisting of the RES President, a Managing Editor of the journal and another member of the RES council.

The 2017 RES prize was awarded to Robert Warren Anderson, Noel Johnson and Mark Koyama of George Mason University for their paper ‘Jewish Persecutions and Weather Shocks 1100 -1800.’ The 2018 winner will be announced at the annual RES conference in April.

#### 4.3 Referee Prizes

The 2018 winners of the referee prizes were announced in January 2019. These are:

- Vittorio Bassi, University of Southern California
- Wei Cui, University College London
- James Best, University of Oxford
- Kerem Cosar, University of Virginia
- Patricio Dalton, Tilburg University
- Jonathan de Quidt, Stockholm University
- Alexander Frankel, University of Chicago

Note:

1. Plan S is an initiative for Open Access publishing that was launched in September 2018. The plan is supported by cOAlition S, an international consortium of research funders. Plan S requires that, from 2020, scientific publications that result from research funded by public grants must be published in compliant Open Access journals or platforms. Further information is available on its website: https://www.coalition-s.org/. See also p.25 below.
Microeconomic Insights — distilling research for public debate

Readers will know that in the past few years, the Society and the economics profession at large has become increasingly concerned about the perception of economics by policymakers and the general public. In this article Siobhán Miller describes a new website aiming to make academic research, particularly in microeconomics, available to a wide audience.

Why is pollution from US manufacturing declining, even as US manufacturers continue to produce more? How much does consuming news with a strong political stance influence Americans’ voting behaviour? How can marital choices contribute to widening economic inequality?

Despite the output of valuable and high quality microeconomic research answering questions such as these, it sometimes struggles to find to find readership and interest beyond the pages of academic journals. Microeconomic Insights is a website that seeks to bridge this gap, making high-quality innovative academic research available to wider audience. We aim to share leading new ideas by soliciting articles published in top journals and producing clearer, more accessible summaries. We select articles, which improve the foundations of economic policymaking and further our understanding of how economics interacts with the environment in which we live. Our content is curated by an editorial committee of leading academics, each an expert in their own field. All editors are full professors at top institutions such as Yale, Harvard, LSE, University College, London. (A full list appears at the end of this article).

A wide breadth of research

Since starting in 2015, our goal has always been to publicise the insights from high quality research in general, with particular emphasis placed on showcasing young and less well connected researchers working at the research frontier. We consider articles that address relevant issues worldwide, irrespective of geographical location. Papers are selected for inclusion based on a number of criteria, including policy relevance, robustness and generality of findings, topicality and in order to achieve coverage of a broad range of issues.

Since launching three years ago, Microeconomic Insights has built up a library of articles covering development, environment, health, international trade, labour markets, organisation of markets, and public finance. All new articles are disseminated through our mailing list which you can sign up to via our website, and we also regularly communicate over Twitter and Facebook. We have grown a solid following mainly in the US and Europe but also with significant readership in countries such as India, Australia and Kenya. Other the past years, as well as expanding our reach more broadly, we have also been able to reach younger, and more female audiences.

Going into 2019, we hope to remain a home for cutting-edge research which informs public knowledge and shapes the conversation around microeconomic issues.

Below, are summaries of two of our more recent articles, written in collaboration between the authors and our specialist journalists.

The impact of China’s hidden shipbuilding subsidies

Myrto Kalouptsidi (Original article published in the Review of Economic Studies).

Over the past two decades, Chinese firms have rapidly come to dominate a number of capital-intensive industries, such as steel, auto parts, solar panels, and shipbuilding. In 2006, for example, China identified shipbuilding as a ‘strategic industry’ and introduced a plan for its development. In a short time, China’s market share had doubled from 25 per cent to 50 per cent, leaving Japan, South Korea and Europe trailing behind.

Industrial policy, notably in the form of government subsidies, is often invoked as a possible contributing factor to this expansion. Some observers have asserted that China’s rapid rise was driven by hidden subsidies that reduced shipyard production costs, as well as by a number of new shipyards constructed as part of the plan.

This research is designed to assess the relative contribution of these interventions. The author first develops a methodology for detecting the presence of subsidies and gauging their magnitude. This strategy is then applied to the world shipbuilding industry, a long-time target of industrial policy.

The analysis reveals strong evidence that government subsidies decreased the cost of production in Chinese shipyards by 13-20 per cent, corresponding to a total of USS1.5-4.5 billion between 2006 and 2012. There is also evidence that Chinese shipyards are less efficient than their Japanese and South Korean counterparts.

The policy interventions led to substantial misallocation of production across countries — with Japan, in particular, losing significant market share — and no signifi-
cant gains for consumers. In the absence of the subsidies, China's market share would be cut to less than half, while Japan's share would increase by 70 per cent. If only new shipyards are removed, China’s share would fall from 50 per cent to 40 per cent, suggesting that new shipyards played an important role though not the predominant part in China’s expansion.

The prices of ships and the cost of freight are moderately lower as a consequence of the subsidies, according to the analysis. But in general, the benefits of subsidies to shipping are minimal, which implies that a frequent assertion that China developed shipbuilding to benefit from low freight rates for its trade is unsubstantiated.

Overall, the results of this study suggest that Chinese subsidies dramatically altered the geography of production and countries' market shares. Although price (and thus consumer) gains are small in the short run, they may grow in the long run as the operating fleet becomes larger. But it is doubtful that such gains will justify the extent of the estimated subsidies.

Patronage in the British Empire: the high costs of discretionary public appointments
Guo Xu (original article in *American Economic Review*)

Civil servants constitute a key element of state capacity, with the responsibility for raising government revenues, providing public services and implementing reforms. But what happens to the performance of bureaucrats when they are appointed to office less on the basis of their talents than on their social connections to powerful patrons?

A new study reports evidence on the costs of patronage through the lens of a historical bureaucracy that spanned the globe: the administration that ran the British Empire. The research combines newly digitized personnel and public finance data into a single dataset covering the entire period of the Colonial Office (1854-1966), the universe of all colonial governors and the 70 colonial territories under the control of the ministry.

To measure governor’s social connections, the study uses information on shared ancestry and membership in the British aristocracy, and attendance at the same elite schools and universities. Governors’ performance is measured by revenue generation, which was a key performance dimension of the Colonial Office.

Analysis of these data reveals that governors with social connections to the Secretary of State at the Colonial Office received 10 per cent higher salaries during the period of patronage (up to 1930). This increase was driven by allocation to better paid and more desirable positions in colonies that were larger and closer to London and which had lower rates of settler mortality.

What about the performance of governors whose appointments were the result of patronage? Once allocated to a colony for a fixed six-year term, they provided more tax exemptions, raised less revenue and invested less. These promotion and performance gaps disappeared after the abolition of patronage appointments in a 1930 civil service reform. Patronage therefore distorts the allocation of public sector positions and reduces the incentives of favored bureaucrats to perform.

The large negative effects of patronage raise the intriguing question of whether it has had ‘scarring’ effects beyond the days of the British Empire. In a follow-up study, the researcher finds that countries exposed for longer to connected governors during the period of patronage have lower fiscal capacity today. Consistent with policy persistence and the tax exemptions granted in the colonial period, these countries have lower quality tax systems.

 Taken together, these results provide evidence that there were large costs of patronage, both for the British Empire but also for the independent countries that emerged from the Empire following decolonization. What’s more, while the research provides evidence from a historical ministry, the organization of the Colonial Office — with its hierarchy and multi-divisional form — offers a striking resemblance to modern-day bureaucracies.

The key implication for organizations now is that incremental reforms aimed at curtailing discretion in the appointment of civil servants may improve government effectiveness and economic performance. This could be particularly important in the cases of senior appointments with strong influence over decisions that have potentially wide and long-term consequences. It is precisely these senior positions that are still under patronage today.

Our supporters
Microeconomic Insights’ website is hosted and run by the Institute for Fiscal Studies, while our work is funded by the Economic and Social Research Council, the Alfred P Sloan Foundation, the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD), USC Dornsife Center for Economic and Social Research, the Woodrow Wilson School of Public and International Affairs and the Cowles Foundation.

To read our articles or for more information about our work and our editorial board, please visit our website: https://microeconomicinsights.org/

The current editorial committee consists of Joseph Altonji (Thomas DeWitt Cuyler Professor of Economics at Yale University), Alan Auerbach (director of the Robert D. Burch Center for Tax Policy and Public Finance at the University of California at Berkeley), Oriana Bandiera (Professor of Economics at the London School of Economics), Richard Blundell (David Ricardo Professor of Political Economy at University College London and the Director of the ESRC Centre for the Microeconomic Analysis of Public Policy at the Institute for Fiscal Studies), Rachel Griffith (professor of economics at the University of
The problem with the USS’s valuations is related to the discount rate debate that was published by the Pensions Regulator (tPR) in the 2017 Annual Funding Statement for Defined Benefit Schemes. In that debate, proponents of gilt-plus valuations argued that low gilt yields mean low returns on other asset classes. Recent research, however, shows that gilt yields are driven by inflation whereas returns on equities (the most important asset class for pension funds) are determined by firms’ productivity in the real economy. The fall in gilt yields since the 1970s are the result of successful monetary policy to target inflation in order to ensure optimal economic growth, which in turn makes businesses profitable and hence healthy returns on equities.

Furthermore, Lord Paul Myners CBE (who was the UK’s financial services secretary during the 2008 financial crisis) questions the wisdom of discounting pension liabilities at the current low interest rates, which have been manipulated through quantitative easing. Such a view is shared by economists who regard long term interest rates as inappropriate discount rates after they have been used as monetary policy tools. Also, gilt yields may have been depressed relative to economic fundamentals by the Pensions Act 2004, since this requires pension managers to purchase gilts regardless of price. An investment bank estimates the potential demand for index-linked gilts as five times the size of the current market.

The need for transparency
The USS has refused repeated requests by scheme members for information such as the projected benefit payments data. It is only after a member of the Joint Negotiation Committee (representing University and College Union) obtained the required information from USS that the findings reported in this article are made possible. It turns out that the reported discount rates are actually investment returns, not discount rates in the usual sense. Since the 2017 reported discount rates (investment returns) begin and remain at a very low level for ten years, the resulting actual discount rates are significantly lower; as shown in Figure 1.

The above revelation raises the issue of frankness in the governance of USS. Letters have been written in the past
pointing out to USS that the scheme’s deficits are the outcome of falling gilt yields rather than any true funding shortfall. While the USS denies the use of gilt-plus methods in the 2017 valuation, it fails to mention that the new approach actually produces a deficit that is higher than that obtained by gilt-plus discount rates. As Figure 1 illustrates, the 2017 reported discount rates being deceptively close to those of 2014 does not help convince its scheme members that USS is acting openly (in spite of the fiduciary duty of trustees to act honestly).11

Evidence-free assumptions

The USS attributes the initial low investment returns to high asset prices buoyed by low interest rates and a possible market down rating. However, the first ten years of investment returns average only 0.93 per cent, which is significantly lower than the gilt yield of 1.727 per cent as at the valuation date. A simulation study can show that the low return assumption is equivalent to using a rate with a less than 10 per cent probability to value a DB scheme.

Also, the 2017 discount rates and inflation forecasts have varied like a rollercoaster for 50 years. It turns out that the discount rates are required to fall from year 11 to less than 2.8 per cent at year 34 in order to ensure the failure of Test 1 in the 2017 valuation.12 Needless to say, the rollercoaster variation of discount rates and inflation forecasts is inconsistent with the inflation targeting policy of the Bank of England.

Finally, both gilt yields and US interest rates were at similar levels at the time of 2014 valuation. Since Brexit, the spread of US interest rates over gilt yields has widened to around 1.3 per cent, which further confirms the assertion that gilt-plus valuation inflates pension costs. This is because (a) the assets of USS are internationally diversified, and hence (b) if the level of interest rates were to determine returns on other asset classes, it would be the US interest rate that calls the shots.

Role of academics

Earlier research has shown that managers have been known opportunistically to use downward-biased discount rates to inflate pension costs in order to obtain labour concessions.13 What happened to USS is worse: opaque valuation method based on un-evidenced assumptions provided the 2017 deficit which led to a decision to close the USS DB scheme? — an outcome that only the largest strike in British higher education history has been able to prevent. Note that as a result of continuing closure of DB schemes in the UK, the pension industry is anticipating an estimated additional £1 trillion annuities business in the next 20 years.14

The economic truth is that DB schemes enjoy intergenerational risk-sharing and time-diversification of risk that no other pension designs can match. Moreover, regulations require trustees to always act in the best interests of scheme beneficiaries, which means implementing the regulatory guidelines of evidenced-based assumptions for valuation. While the report of Joint Experts Panel (JEP) has vindicated the industry action, the recommendations of JEP remain merely advisory.15 Therefore, it is vital for economists (and other academics) to scrutinize the assumptions that underpin the valuations of USS.

Notes:
1. See, for example, D Evans, ‘Climate change, the Stern Review and discounting the future’, Newsletter no. 141, April 2008, pp.8-9.
2. Reader in Finance, Cardiff Business School. The author acknowledges help from the Newsletter editor.
3. See a letter to the PensionsRegulator for details of various calculations and discussions. (https://cf-my.sharepoint.com/b/g/personal/wongwk3_cardiff_ac_uk/Eyw/fsh57kJPtm2JOA_YrMBurEZU9OWqJixiYzwQA3miA?e=Em56Pj)
10. See letter by Professors Hutton and Sacka of Warwick University. Available at: https://people.maths.bris.ac.uk/~sw15190/USSTrusteesDeficit21Nov2014.pdf
11. See https://www.thepensionsregulator.gov.uk/en/document-library/Regulatory-guidance/Trustee-guidance#7cf911ca0e2dde469fa34eb92a0a22f9
12. For a critique of Test 1 in 2017 valuation, see https://medium.com/ussbriefs/why-test-1-must-be-dropped-a-critique-of-its-design-and-implementation-1358c612a2a4
15. See https://www.ucu.org.uk/uss-jep-report
The Econometrics Journal —
Managing Editor’s Annual Report, 2018

This is an edited version of the full report which is available at https://www.res.org.uk/about/our-structure/annual-general-meeting.html. The table numbers used below are the numbers used in the full report.

1. Overview

Important drivers of The Econometrics Journal’s activities in 2018 were the new editorial policy that it developed in 2016, for all new submissions from 1 January 2017, and its move, on 1 January 2019, from Wiley to Oxford University Press (OUP). Against this background, this document reports the following on the period 1 January 2018 to 31 December 2018.

2. Editorial Board and Office

The editorial process of The Econometrics Journal is overseen by its Managing Editor and Co-Editors. A Deputy Managing Editor generally supports the Managing Editor and the Co-Editors in the management of the Journal and its strategy and, more specifically, takes the lead in screening new submissions, editing book reviews, checking replication packages, and turning accepted into published papers. An Editorial Office provides administrative support. The Editorial Board is complemented with a large number of first-rate econometricians from around the world who, as Associate Editors, act as ambassadors, advisors, and senior referees of The Econometrics Journal.

2.1. Managing Editor, Co-Editors, and Deputy Managing Editor

There were no changes to the Journal’s main Editors in 2018. Jaap Abbring (Tilburg University) continued as its Managing Editor; Victor Chernozhukov (Massachusetts Institute of Technology), Dennis Kristensen (University College London), Michael Jansson (University of California, Berkeley), and John Rust (Georgetown University) as its Co-editors; and Tobias Klein (Tilburg University) as its Deputy Managing Editor.

The Editors met at the January 2018 ASSA Meeting in Philadelphia and held a Skype meeting in September 2018. They managed to conduct most editorial business by email.

In November 2018, John Rust announced his resignation as Co-Editor from 1 January 2019. We are very sorry to see John leave, but are thankful for his service to the Journal. This service will extend into 2019, as John will continue to handle the submissions that were already assigned to him, edit the Special Issue on Methodology and Applications of Structural Dynamic Models and Machine Learning (see 4.5), and liaise with the organizers of a possible sponsored conference on Nonstandard Methods in Econometrics at Georgetown University in the Fall of 2019.

The Managing Editor and remaining Co-Editors have identified an excellent candidate to replace John. This candidate has agreed to join the Journal as a Co-Editor and the Society’s Appointments Committee has approved the appointment. We expect to formally appoint the new Co-Editor from 1 March 2019.

2.2. Associate Editors

Renewals and Resignations in 2018

We are happy to report that Pedro Carneiro (University College London) and Alfred Galichon (New York University) have agreed to join The Econometrics Journal as Associate Editors and that 28 Associate Editors have accepted renewed appointments from 1 January 2018. Serena Ng (Columbia University) resigned from that same date and Chris Hansen (University of Chicago) resigned from 1 July 2018; we thank them warmly for their services to the Journal.

New Appointments, Renewals, and Resignations from 1 January 2019

For completeness, we also report the Associate Editor turnover on 1 January 2019. We are happy to report that Denis Chetverikov (University of California, Los Angeles) has agreed to join The Econometrics Journal as an Associate Editor and that 13 Associate Editors have accepted renewed appointments from 1 January 2019. Finally, Elie Tamer (Harvard University) and Xiaohong Chen (Yale University) resigned from 1 January 2019; we thank them warmly for their service to the Journal.

The current (February 2019) members of the Editorial Board are listed in Appendix A (of the full report).

2.3 Editorial Office

The Editorial Office is managed by the Research Support Team of Tilburg University’s School of Economics and Management. Janneke Snehama-Scheepens continued to serve as the main Editorial Assistant and primary Office contact, usually with the help of a student assistant. Other members of the Research Support Team took care of the Editorial Office in her absence.

The Editorial Office continued to use Slack for organizing the workflow and the corresponding internal com-
munications between the Editorial Assistant, the Managing Editor, the Deputy Managing Editor, and the research assistants charged with checking replication packages; and to use Dropbox for storing and exchanging files. To ensure that the Slack history is kept after a change of personnel, the Editorial Office has moved to using functional email accounts in the res.org.uk domain for all assistants.

In the Editorial Office’s second year at Tilburg, many of its operations followed established procedures, so that it could move from weekly to fortnightly meetings with the Managing and Deputy Managing Editors.

The Editorial Office continued to send monthly reports on the flow of papers at the Journal to all Associate Editors and Co-Editors, often including some news from the Managing Editor.

3. Editorial Policy

3.1. Submission Guidelines and Review Process

The current editorial policy, which was developed in 2016 for all new submissions from January 2017, aims at the rapid and early dissemination of research in econometrics that is of substantive applied value. We pursue this goal by inviting submissions of shorter and more focused papers that demonstrate their applied value with an empirical illustration and striving to have these submissions

- assigned to an Editor or screen rejected within one week;
- peer reviewed within three months;
- revised quickly, by avoiding multiple and major revisions; and
- published online immediately after acceptance.

To facilitate such quick review and online publication, we require that all submissions follow strict guidelines. In particular, they need to be typeset in the Journal style using its LaTeX template.

In 2018, we continued to work hard on making this (relatively new) policy a success, so that The Econometrics Journal will be the outlet of choice for econometric research that matters. Section 4’s statistics show that, after an initial fall in 2017, the number of submissions is now increasing rapidly. Moreover, the Editors continue to deliver the fast review that we have promised. Finally, we expect, but cannot yet know from data, that the Journal’s focus on econometrics that matters will increase its impact.

3.2. Replication Policy

The Econometrics Journal systematically checks all replication packages of newly accepted papers for completeness, proper documentation, and functionality. These checks will limit the publication of glaring mistakes by forcing authors to double check their data, code and results before publication. They will 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 Econometrics Journal.

The Editors do not intend to check for robustness, whether methods are appropriate, etcetera. Rather, they will simply check whether the submitted software and data are consistent with the results reported in the papers.

The Deputy Managing Editor manages the replication package checks at The Econometrics Journal, aided by a pool of expert research assistants, who are all PhD students at Tilburg University. In 2018, we have further increased the efficiency of the replication package checks, which now run smoothly (see 4.3).

3.3. COPE Guidelines

In preparing the move from Wiley to OUP on 1 January 2019, the Journal has embraced the guidelines (https://publicationethics.org/resources/guidelines) of the Committee on Publication Ethics (COPE) and applied for COPE membership. In 2019, we will review the Journal’s compliance with its guidelines.

4. Papers

4.1. Submissions

Submission data for 2018 can directly be compared to data for 2017, because both years were covered by the new editorial policy. However, some care needs to be taken in comparing submissions in 2017 and 2018 with submissions in earlier years. The new policy requires that submissions are typeset in the Journal style using our LaTeX template (with exceptions for papers written in Word, etcetera). Submissions in 2017 that were not typeset in the Journal style were desk rejected by the Editorial Assistant before being entered into Editorial Express® and reviewed by the Editors. As a result, they are not counted as submissions in Editorial Express®. However, many, but not all, of these would have counted as summary rejections by an Editor in previous years (in which they would have trivially complied with the style requirements). Therefore, in comparisons with earlier years, it is appropriate to include many, but not all, of the submissions in 2017 and 2018 that were desk rejected by the Editorial Office. To keep this practical, we simply report the extremes in which either all or none of these submissions are included.

Table 1 reports the number of new submissions and resubmissions in 2018, 2017, 2016, and 2015. The statistics for 2016 and 2015 cannot be found in Annual Reports on those years, because these covered July-June periods. To allow comparison with these earlier Annual Reports and the tables in Appendix B (which are updated tables from the previous Annual Report), we have also included statistics for the earlier July 2015-June 2016 and July 2014-June 2015 reporting periods.
The Editors handled 80.8 per cent more new submissions in 2018 (132) than in 2017 (73). At the same time, the Office rejected fewer new submissions (for not being typeset in the *Journal* style) in 2018 (106) than in 2017 (109). Consequently, the share of new submissions rejected on formal grounds by the Office has decreased substantially. This suggests that, in 2018, authors were both better appreciating the *Journal*’s new editorial policy and more keenly aware of the corresponding submission guidelines.

To compare with the years before 2017, note that 21 of the 106 papers formally rejected by the Office in 2018 were later submitted correctly and counted among the 132 proper submissions. Thus, a reasonable upper bound on a comparable number of submissions in 2018 is 238 - 21 = 217; a lower bound is the number of submissions handled by the Editors, 132. For 2017, these bounds were 182 - 25 = 157 and 73. Robustly, after a fall in 2017, new submissions have rebounded in 2018 to historical levels, even though they now need to comply with the much tougher submission guidelines of the new editorial policy.

Our radical editorial change has likely reduced submissions in the short term. After all, the cost of meeting the new submission guidelines presented itself immediately, but the benefits, such as faster review (see 4.2), only revealed themselves late in 2017. Once we had presented the first evidence of much faster review and further communicated the new editorial policy, both the number of submissions and the share of those submissions that complied with the new guidelines increased substantially.

As in the previous Annual Report, Tables B.1 and B.2 record the geographical distributions of the submitted and accepted papers by year. Because these data are drawn from Editorial Express®, Table B.1 only considers the 132 proper submissions for 2018 and the 73 proper submissions for 2017. Most remarkable about these tables are not the geographical distributions themselves (the distributions for 2018 are within reasonable historical bounds), but the low number of accepted papers in 2018. Despite the strong increase in new submissions, and the fast review, fewer papers (13) were accepted in 2018 than are needed to fill a volume of the *Journal* (around 21) or than were accepted in 2017 (24). As a consequence, the *Journal* has now almost depleted its backlog of unpublished accepted papers. Fortunately, the prospects for 2019 are good: Until 23 February 2019, 3 papers were accepted and 7 more were conditionally accepted. To speed up the conversion of conditionally accepted into accepted papers, we have made the one-month deadline for returning final revisions more salient in the conditional acceptance email and instructed the Office to kindly remind authors who do not meet these deadlines.

### 4.2. Review

We continued to use Editorial Express® for the review process, to our full satisfaction. In 2018, 55.3 per cent (73) of the 132 new submissions that conformed to the guidelines were summarily rejected. In 2017, a slightly larger share (61.6 per cent) of conforming submissions was summarily rejected.

If we include the submissions that were desk rejected by the Editorial Office, then 75.2 per cent (73+106=179) of all (132+106=238) new submissions in 2018 and 84.6 per cent of all new submissions in 2017 were summarily rejected. These numbers are broadly comparable to the percentages of summary rejections in 2016 (77.8 per cent) and 2015 (78.6 per cent).

Figure 1 plots the cumulative distributions of the time from new submission to a first editorial decision in 2018 and 2017 (with and without submissions desk rejected by the Editorial Office), 2016, and 2015. As some, but not
all, submissions desk rejected by the Editorial Office in 2018 and 2017 would have counted as summary rejections in 2016 and 2015, we would expect the distributions for those earlier years to lie between the two distributions for 2017 if review times were stable. This is not the case. Robustly, decisions were delivered faster under the new editorial policy in 2018 and 2017 than in earlier years.

In 2018, between 93.9 per cent and 96.6 per cent of new submissions were handled within three months. In 2017, this was true for 94.5 per cent to 97.8 per cent of submissions. This is a major improvement over the corresponding 82.4 per cent and 82.7 per cent in 2016 and 2015.

The difference between 2018 and 2017 is due to the smaller percentage of (invariably quick) summary rejections in 2018. Figure 2 plots the cumulative decision time distributions for only those submissions that were sent to referees (and thus excluding summarily rejected papers). These are very similar between 2018 and 2017, despite the differences in Figure 1. Moreover, times to decision have dramatically improved since the period before the introduction of the new editorial policy (2015 and 2016). About 86 per cent of decisions that were based on referee input were taken within three months in 2017 and 2018, against only 20 per cent in the earlier years. Figure 3 confirms this message for those new submissions that were summarily rejected. Again, times to decision in 2018 and 2017 (around 80 per cent of decisions within a week) are similar and way better than in 2016 and 2015 (around 9 per cent within a week).

It is worth noting that all regular new submissions in 2018 were handled within 99 days. The four decisions that took longer all concerned submissions to the Special Issue on Methodology and Applications of Structural Dynamic Models and Machine Learning (see 4.5).

Preliminary evidence on resubmissions suggests we mostly avoided major and multiple revisions. We will more systematically investigate this next year, when more data under the new policy will be available.

All in all, the review performance in 2017 and 2018 has been in line with the new editorial policy, which strives to screen within 7 days, review within three months, and avoid major and multiple revisions. In 2019, we will continue to work towards minimizing unnecessary delays in editorial decisions.

4.3. Replication package checks

In 2018, we have made the need to provide well documented and functioning replication packages more salient during the review process. As a result, authors now submit substantially better replication packages, which can be reviewed more quickly. This has resulted in a downward adjustment in the budgeted research assistant input needed, from 10 to 4.5 hours per article from 1 January 2019.
4.4. Production

The Journal’s freelance copyeditor, Rachel Lumpkin, resigned late in 2017, but has kindly agreed to finish work on all papers published in the first two issues of 2018. Mattson Publishing Services in Baltimore, Maryland, handled all papers for the third (and last) issue of 2018 and three papers from the first issue of 2019. The Journal’s new publisher, OUP, took over all aspects of production from there, as agreed earlier.

We were satisfied with the work of all parties involved in the transition from Wiley to OUP. The first issue of 2019 was published with a small delay relative to the new schedule agreed with OUP (the first issue was rescheduled from February to January), but this was a conscious choice for quality and fully coordinated with the Editors. OUP addressed all challenges that came up very well. We used the transition to review and improve the template, style guide, and typesetting. From 2019, we report the handling Co-Editor with each article published.

4.5 Publication

Most downloaded papers

The most frequently downloaded paper (by far) in 2018 was Victor Chernozhukov, Denis Chetverikov, Mert Demirer, Esther Duflo, Christian Hansen, Whitney Newey and James Robins (June 2017): ‘Double/debiased machine learning for treatment and structural parameters’ https://www.doi.org/10.1111/ectj.12097

Special issues

The Journal published the following special issues in 2018/2019:
‘Model Selection and Inference’, February 2018;
‘Econometrics of Games’, January 2019

The Special Issue on ‘Recent Developments in Nonlinear Econometric Modelling’ was cancelled owing to a lack of suitable submissions.

Commissioned articles

The Editors annually commission one larger article that reviews important new developments in econometrics and guides empirical researchers in their application. In 2018, the Editors commissioned an article on the use of structural models and machine learning for firm policy making by Sanjog Misra (University of Chicago), which will be published in a Special Issue on ‘Methodology and Applications of Structural Dynamic Models and Machine Learning’.

4.6. Impact

The 2017 Journal Citation Reports® (Clarivate Analytics, 2018) for The Econometrics Journal show that its (two-year) Journal Impact Factor has increased to an all-time high of 1.152, while its five-year Impact Factor dropped to 1.163 in 2017. The Journal was cited 844 times in 2017, a 6.7 per cent increase over 2016. One explanation for the recent fall in the five-year Impact Factor is that the 25 articles in the Journal’s 2011 volume were cited 100 times in 2016, but no longer contribute to the 2017 five-year IF.

The Journal’s new editorial policy aims to promote econometrics that matters and increasing its influence on the profession. However, it will take some time for this effect to be measured by the Impact Factors. The Impact Factors reported here cover citations of articles published in 2016 and before. Therefore, they do not reflect the impact of the new editorial policy which only affected submissions from 2017 onwards (which will result in publications from 2018). The 2019 Impact Factors, which will become available halfway 2020, will be the first that cover publications under the new policy. The two-year Journal Impact Factor, in particular, is volatile because it depends heavily on references to a small number of papers. In the longer run, if the current increase in submissions persists, we can likely address this by publishing more papers.

5. Prizes

The Society’s Past President, Andrew Chesher, presented the 2016 Denis Sargan Econometrics Prize to Bezirgen Veliyev (Aarhus University) and K. Ulrich Hounyo (SUNY Albany) at its 2018 Annual Conference. Bezirgen and Ulrich were awarded the Prize for their paper ‘Validity of Edgeworth expansions for realized volatility estimators’ in the Journal’s February 2016 issue (https://doi.org/10.1111/ectj.12058).

The Editors of The Econometrics Journal decided that the 2017 Denis Sargan Econometrics Prize will be shared equally between Vincent Boucher (Université Laval) and Ismael Mourifié (University of Toronto) for their article ‘My friend far, far away: a random field approach to exponential random graph models’ in the October 2017 issue of The Econometrics Journal (https://doi.org/10.1111/ectj.12096).

6. Events

From 2019, The Econometrics Journal will sponsor and publish the Sargan Lecture at the Society’s Annual Conference. James Heckman (University of Chicago) will deliver the 2019 Lecture. At the 2018 Annual Conference, the Editors organized a Special Session on Structural Macroeconometrics, with presentations by Barbara Rossi (UPF/BGSE) and Marco del Negro (NY Fed). They also prepared a Special Session on Econometrics of Panel Data at the 2019 Annual Conference, with presentations by Ivan Fernandez-Val (Boston University) and Bo Honoré (Princeton University). Finally, the Journal supported the Second Conference on Structural Dynamic models, which focused on the use of machine learning and artificial intelligence to facilitate solution and estimation of dynamic structural models and was hosted by the Centre for Computational Economics at the University of Copenhagen on 31 May and 1 June 2018 (http://www.econ.ku.dk/cce/events/Dynamics2018/).
7. External communication
With the development of the Society’s new web site, the Journal’s web pages at ectj.org have been rebuilt and redesigned. The Journal also has a new web page at OUP’s web site. The Journal maintains a database of over 1750 email addresses on a mail list server, with the options to subscribe and unsubscribe. We sent Newsletters 8 and 9 to the Journal’s mailing list in, respectively, February and September 2018. Newsletter 10 is scheduled for March 2019.

8. Acknowledgements
We are grateful for the support of the Royal Economic Society and its officers. We particularly recognize the work of the Editors and the anonymous referees, whose efforts ensure that the quality of The Econometrics Journal is maintained and improved. We are also grateful for the assistance offered by our publishers at Wiley (until 2018) and OUP (from 2019), in particular in the Journal’s transition from one to the other. Finally, we thank Rachel Lumpkin and Geri Mattson for their flexibility and help in producing the Journal in 2018.

Notes:
1. We are very happy to add now that Petra Todd has indeed joined The Econometrics Journal as a Co-Editor from 1 March 2019. See p.25 below.
2. This is not evident though, as new submissions were already down before we implemented the new editorial policy: Only 60 of the 176 new submissions in 2016 were submitted in the second half of that year.
3. Two new submissions in 2018 were (quickly) withdrawn by the authors. Both papers seemed good quality, but poor fits to The Econometrics Journal. Throughout this section, we include them with the summarily rejected papers. The results are robust to other reasonable ways of handling these cases.
4. For 2018, we used Kaplan-Meier estimators to correct for one submission that was still under review when the data were extracted on 21 February 2019. Moreover, we imputed the times it took for the Editorial Office to desk reject the 106 (2018) and 109 (2017) submissions that did not conform to the guidelines to be uniformly distributed over 1, 2, and 3 days. These durations are not available from Editorial Express® and there is little point in hand collecting them, because the Office checked the submission holding tank on a daily basis (with some delays on weekends). Finally, we have completed the data of two submissions in 2017 that were still under review when the Annual Report over 2017 was prepared. This implies very small revisions of the review time estimates for 2017.
agencies in the 1970s, particularly by the World Bank, was welcome and the decline in interest since is a source of regret.

The work for which he is best known is on taxation and incentives that began in the 1960s. His work with Peter Diamond on optimum design of commodity taxes led to the deeply significant two-part paper of 1971 generalising the results of Ramsey and Samuelson. Firstly, they showed that in a wide variety of circumstances there is no argument for distorting production. Distortion to consumption and labour supply decisions may be an unavoidable feature of the optimal tax policy, but there is no case for the economy to produce inefficiently. The undesirability of taxing transaction between firms that follows from this makes the case, for example, for collection through a value-added tax. Secondly, they showed how Ramsey’s work for setting tax rates so as to discourage consumption of all commodities equally need to be adapted to incorporate the problem of income redistribution together with that of raising revenue when consumers are heterogeneous.

The problem of designing an optimal non-linear tax schedule for labour income raises conceptual challenges that required a breakthrough made by Mirrlees at around the same time. How should formulation of the question capture taxpayer responses to the potentially highly irregular schedule under design? Mirrlees showed how to pose it as an information question. Governments can monitor only how much people do earn and not know how much they could earn unless they design taxes so that people’s decisions will voluntarily reveal it. Whatever combination of work hours and after-tax income the government decides it wants someone to choose, it needs to make that combination more attractive to them than what such a person could get by posing as anyone of lower earnings capacity. Tax design therefore has an incentive compatibility constraint which, under reasonable assumptions on preferences, can be represented as a constraint on the rate at which taxpayer well-being needs to increase with unknown earnings capacity in a suitably formulated optimum control problem. The Mirrleesian framework remains the accepted starting point for serious treatment of direct tax design and shapes much ongoing analysis.

His original paper reported simulations based on particular preferences and ability distributions which suggested optimal schedules might be close to linear and at lower rates than he had anticipated. For a time he was led to question his prior belief in the case for graduation in marginal tax rates and the effectiveness of the income tax as a tool for reducing inequality but the later work of others restored his belief ‘that marginal rates of tax should ... be greater than they were in these first calculations’ and graduated so that they ‘were highest in the middle of the range of incomes, and fell towards higher incomes and lower’. The ‘notorious’ result that the marginal tax rate on the topmost income should be zero — not a feature of his work, which assumed no known highest ability, but discovered by later authors extending his findings — was one that he regarded as ‘practically irrelevant’.

In later years he chaired the Mirrlees Review of the entire UK tax system convened by the Institute of Fiscal Studies. It called for ‘a systematic conceptual approach that joins together our thinking across the whole range of taxes ... rooted in economic theory that models the constraints people face and the way they behave when taxes change.’ It proposed, for example, better integration in direct taxation, better justification for departures from neutrality in indirect taxation and replacement of ill-designed taxes on asset transfers with VAT on services yielded. Its approach and findings have been widely cited as a model for reviews of this kind.

His modelling of the optimum income tax problem as one of informational asymmetry between government and taxpayers began a continuing engagement with informational economics over following years which eventually led to the award of the Nobel prize, jointly with William Vickrey, in 1996. Just as his optimum tax work produced ideas of wide applicability to the analysis of adverse selection problems, so his work on moral hazard delivered findings of fundamental and far-reaching importance to a wide body of later work. In many fields, economists find themselves analysing problems where a principal needs to set incentives so as to optimally motivate an agent despite the agent knowing more than the principal either about their type or their actions. It is from Mirrlees’ investigation of such problems that much understanding of the general principles of contract theory has emerged.

His contributions have enriched and informed multiple fields of economics. His specific investigations into tax and public policy changed the way that questions in those fields are discussed. His ability to simplify complex problems in ways which revealed their tractable essence deepened knowledge in widely different fields of microeconomics. In practical terms his work yielded radical and relevant insights that left the whole discipline wiser and more able to see how things fit together.

His work was motivated throughout by a commitment to economic inquiry as a way of doing good in the world. Besides his scholarly contribution to the improvement of public policy, his personal generosity is warmly spoken of by all those who knew him.

Richard Blundell and Ian Preston
University College London
Mardi Dungey

I first met Mardi when she came to ANU to do a PhD. She and her husband Ross were then into rock climbing. I wondered if that was a good choice for an academic career. However, when you realize that it makes you work with fellow climbers, learn new things, be adaptable, want to finish the climb, and to set your eyes on the next one you haven’t climbed, one sees that it is good training for academic life. Mardi used all these features in her career. Her central focus was always on the use of data to address what was going on so as to provide input into solving important policy issues.

She was the sort of student you always want. Her thesis had two major components — one on a factor structure for bilateral exchange rates and one on SVARs for small open economies like Australia. The latter paper was awarded the best paper prize in the Economic Record in 2000.

In those days it wasn’t easy to get a job in Australia with a local doctorate and Mardi went to La Trobe University in 1998. She was given a tough teaching and supervision load but she excelled in these tasks. The Asian crisis happened at that point and she responded to it by asking how to model the contagion that came with. Her work on that continued for the remainder of her career and is her best cited work.

In 2000 there was a ‘second coming’ to ANU. This time to the Research School of Pacific and Asian Studies. Warwick McKibbin says in his ANU obituary that ‘...she was a dynamo’ and was immersed in everything — administration, supervision, teaching. What showed up was ‘an unusual balance of common sense, outstanding academic ability and an entrepreneurial flare’. This was the Mardi always in evidence, no matter where she was.

It was not surprising when she moved on to Cambridge where she was deputy director of the then Cambridge Endowment for Research in Finance. Cambridge really cemented her international reputation. She started to work with people like Charles Goodhart of the LSE and also developed an interest in the modelling of high frequency financial times series with their quirks like ‘jumps’.

2008 saw a return to her alma mater of the University of Tasmania where she remained until her death. During this decade she attracted many staff and visitors. A continuing theme was her workshops on macroeconometric models that were being used in Australia. There was one in December 2018. She couldn’t attend but all the modellers attested to her impact on them through both her written and oral communication.

During the decade back in Tasmania she started to think about networks and how to use those ideas to look at contagion and crises. As ever, this showed an impressive ability to move on to the next peak to scale.

During 2018 she was heavily involved in the construction of a new model at the Commonwealth Treasury. For many years she had been advising them on these issues. 2018 was meant to be a year’s leave. She had a great time despite worsening health and, in many communications, she said how much she was enjoying meeting people and hearing about new ideas. Coming back from the leave early the back problems she had had for many years were now found to be a symptom of cancer and her decline was shockingly fast.

At her death Mardi had published almost 100 papers. In 2018 she published nine papers and in many years she published six. In recognition, she had been elected a Fellow of the Academy of Social Sciences and the Society of Financial Econometrics. More honours would have come.

Mardi gave extensive service to the profession. She had been an Editor of the Economic Record, an Associate Editor of the Journal of Applied Econometrics, the Journal of Asian Economics and the Journal of Banking and Finance as well as acting on numerous committees. There was a constant demand for her as a referee, discussant and speaker. She was to be the keynote speaker at the INFINITI conference on International Finance. That day she was in the Hospice.

Despite all those activities she still found time to be a great mentor to both female and male junior scholars and to be an educator in the widest sense — not just to university students and other colleagues but to primary school students and to many business groups.

Those of you who knew her will be aware that she was always interested in people. At her memorial, students noted that in her regular meetings with them she would always ask about their family, and celebrate their achievements, before even getting to critically analyse what they had done.

In the Baptism service it is said ‘Shine as a Light in the world’. Mardi shone brightly. She is greatly missed.

Adrian Pagan
University of Sydney
RES news

RES statement on ‘Plan S’

In 2018, a coalition of mainly European funding bodies produced a plan - known as ‘Plan S’ — that will require research funded by those bodies to be published in compliant Open Access (OA) Journals or on compliant OA Platforms. A consultation recently took place on Plan S and the Royal Economic Society responded. You can read the full response on the RES website — https://www.res.org.uk/resources-page/royal-economic-society-response-to-plan-s-consultation.html. The Society is also liaising with the British Academy, the Academy of Social Sciences, and with other learned societies.

Whilst the RES is supportive of efforts to increase access, the medium and long-run consequences for all disciplines need to be considered carefully before full OA is implemented. The Society is also concerned with the possible unintended consequences of the plan, including the restriction on academic freedom, and the impact on early-career researchers.

Important changes to access the journals

From Tuesday 5 March there are important changes to how you access the Economic Journal and the Econometrics Journal. As a RES member you have free access to the journals but to do so you will have to log into the RES website to view them.

You can do this by visiting the RES website and then logging in with your username and password. Then please select the Journals from MY RES in the top right-hand corner. There you can click on the link which will take you to the journals on the Oxford University Press website.

Petra Todd joins the Econometrics Journal as Co-Editor

We are very happy to report that Petra Todd has joined the Econometrics Journal as a Co-Editor from 1 March 2019. Petra is the Edmund J and Louise W Kahn Term Professor of Economics at the University of Pennsylvania. She has made key contributions to microeconometrics, in particular microeconometric policy evaluation, and empirical microeconomics, with a focus on problems in labour, education, and development economics.

Petra fills a vacancy left by John Rust, who resigned from 1 January 2019. We are very sorry to see John leave, but are thankful for his service to the Journal. This service will extend into 2019, as John will continue to handle the submissions that were already assigned to him and edit a Special Issue on Methodology and Applications of Structural Dynamic Models and Machine Learning related to the Second Conference on Structural Dynamic Models.

Sign up for regular updates on the journals

You can sign up to receive regular updates on the Society’s two journals by registering with Oxford University Press (OUP).

In January 2019, OUP became the publisher for the Economic Journal and the Econometrics Journal. By registering with OUP you can receive the e-table of journal contents for the two journals when they are released. To sign up please visit the OUP website and register for an OUP account — https://academic.oup.com/my-account/register

New RES staff member

The Society welcomes Raj Chana, who joined the Society in January 2019. She has previous experience in Office Management for various types of companies, including roles within logistics, media and aviation. Her responsibilities are to support the team across communications, events, and finance.

Raj is based in our central officer in Westminster and can be contacted via email at: resoffice@res.org.uk

Conference diary

may

2 May Leeds
Research Applications and Methods for Economics and Transport Studies (RAMETS) invites you to take part in a discussion on how we can utilise big data in research and better inform policy. Big data is high-volume and high-velocity such that conventional data-processing cannot be used so new forms of processing are created. The keynote will be followed by short presentations from our panellists and finished with a discussion between the audience and our panel. There will be served lunch and refreshments.

For catering purposes, email David Pierce (tra5dep@leeds.ac.uk) by Wednesday 24th April.

8-10 May London
The Economic Statistics Centre of Excellence (ESCoE) will hold its annual conference, organised in partnership with the UK Office for National Statistics (ONS), at King’s College London.

Keynote speakers include:
Vasco Carvalho, University of Cambridge
Alberto F. Cavallo, Harvard University
John Fernald, INSEAD
We have invited papers on all aspects of the measurement and use of economic statistics, including: the productivity puzzle, the digital economy, National Accounts and ‘Beyond GDP’, regional statistics, measurement using big data and administrative data, international trade flows and the location of economic activity.

**Further information:**
www.escoe.ac.uk/escoe-conference-economic-measurement-2019/

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**20 -21 May**  
**Nuremberg, Germany**

A workshop on *The Gender Wage Gap in Europe: What Can We Learn Using Linked Employer-Employee Data?* will be held at the German Federal Employment Agency, Nuremberg. The purpose of the workshop is to: Promote understanding of the role employers play in accounting for the GWG; Establish the size of the GWG across countries and how the gap varies when accounting for the identity of the employer; Identify mechanisms, which help explain the size of the GWG, e.g. discrimination, worker sorting, worker segmentation, monopsony employer power, rent-sharing, compensating wage differentials; Discuss methodological challenges and avenues for future research for academics using LEED to investigate the GWG.

**Further information:** Dr Karligash Kenjegalieva  
k.a.kenjegalieva@lboro.ac.uk

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**3-5 June**  
**Brighton**

11th European Meeting on Applied Evolutionary Economics (EMAAE19) theme is the economics, governance and management of artificial intelligence (AI), robotisation and digital transformations. The conference aims to bring together frontier research on the opportunities and challenges arising from AI and digital transformations, particularly to achieve the Sustainable Development Goals (SDGs) and deal with related societal challenges.

**Further information:**
http://www.sussex.ac.uk/spru/newsandevents/events/emaee2019

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**3-8 June**  
**Venice, Italy**

The CESifo Venice Summer Institute institute will focus on themes of current interest in European and global economic policy. The 20th CESifo Venice Summer Institute will take place from 3-8 June 2019 and will bring together international economists working on economic policy topics for workshops, panel meetings and discussion. The conference venue is Venice International University on San Servolo, a tiny island across the water from San Marco in the bay of Venice.

**Further information:**
http://www.cesifo-group.de/de/ifoHome/events/academic-conferences/Venice-Summer-Institute.html

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**10-13 June**  
**London**

The European Workshop on Efficiency and Productivity Analysis (EWEPA XVI) will mark 30 years since the first EWEPA conference, which was held in Louvain-la-Neuve, Belgium, in 1989. Since that first event EWEPA has become the leading biennial conference devoted to the methodology and application of productivity, efficiency and performance analysis. A feature of EWEPA XVI will be two consecutive special sessions on the ‘UK Productivity Puzzle’, which have been kindly supported by the Royal Economic Society.

**Further information:**
www.escoe.ac.uk/escoe-conference-economic-measurement-2019/

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**11-12 June**  
**Loughborough**

4th Annual Macroeconomics and Developing Economies Workshop organised by the MaDE research group at Loughborough University. Key note speakers will include Professor David Fielding (University of Otago) and Professor Chris Milner (University of Nottingham). Papers are still welcome, especially from early career researchers, and are to be sent to Dr Simeon Coleman at S.Coleman@lboro.ac.uk. Overnight accommodation available at own expense. Registration is free. Contact Ruth Cufflin at R.Cufflin@lboro.ac.uk.

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**12-14 June**  
**Besançon, France**

The 36th International Symposium on Money, Banking and Finance, annual meeting of the European Research Group (GdRE) on Money Banking and Finance will be held in Besançon, at Franche-Comté University. The conference is locally organized by the research department CRESE.

**Further information:**
https://gdrbesancon2019.sciencesconf.org/

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**14 June**  
**London**

The East Asia Forum: Economic (Dis)integration workshop will provide a forum to explore the economic issues, challenges and responses to conflicting trends of greater interconnection and isolation, which are shaping the world economy.

Keynote Speaker: Professor Kerry Brown — King’s College, University of London.

There is no charge to attend the workshop. The workshop organizers will cover meals and refreshments. Participants will be required to pay for their own travel and accommodation. Further details will be included in letter of acceptance.

**Further information:**
https://www.westminster.ac.uk/events/east-asia-forum-economic-disintegration
16-22 June

The **10th Hyman P. Minsky Summer Seminar** will be held at the Levy Economics Institute of Bard College. The Seminar provides a rigorous discussion of both the theoretical and applied aspects of Minsky’s economics, with an examination of meaningful prescriptive policies relevant to the current economic and financial outlook. It will also provide an introduction to Wynne Godley’s stock-flow consistent modeling methods via hands-on workshops.

The Summer Seminar is of particular interest to graduate students, recent graduates, and those at the beginning of their academic or professional careers. The teaching staff will include well-known economists working in the theory and policy tradition of Hyman Minsky and Wynne Godley.

*Further information:*

17-19 June

The **3rd DEC 2019 on Social Institutions and the Economic Performance of Nations.** The broad theme of DEC 2019 is framed along the lines of the late Douglas North’s seminal contributions of the late last century to address issues arising out of the social and political turbulence affecting the global community in the 21st century. The conference will primarily aim to examine how these issues have been affecting the economic performance of nations at micro and macro levels.

*Further information:*
http://declincoln.blogs.lincoln.ac.uk/

24-25 June

The **Microeconomic Approaches to Development Economics** workshop will bring together internationally leading and junior academics from the fields of Political Economy, Organisational Economics and Development Economics working on questions relating to identity, norms, motivation, belief formation and their effect on the functioning of institutions and organisations.

*Further information:*

4-5 July

**IAESV workshop on Economics for the Social Good.**

This two day workshop will highlight some of the positive things that economics can contribute to society. It is the inaugural workshop of the newly formed Institute for Applied Economics and Social Value at Leicester Castle Business School, De Montfort University.

We invite submissions from people interested to present their work at the workshop. Relevant topics include (but are not limited to): pro-social behaviour, tackling poverty and inequality, sustainable economic growth, environmental economics, development economics, charitable giving.

14 July - 3 August

The University of Warwick offers a range of Economics, Social Sciences and Humanities courses aimed at undergraduate and postgraduate students. All courses are taught by staff who are experts in their field and each course is equivalent to one module from an undergraduate degree. Students in the past have successfully transferred 3 US credits or 7.5 ECTS upon completion of our courses.

*Further information:*
https://warwick.ac.uk/about/london/study/warwick-summer-school/experience/

September

11-13 September

**CALL FOR PAPERS**

The tenth **Developments in Economics Education Conference** will take place at the University of Warwick. Proposals should focus on research or practice in economics education and can be a paper or interactive workshop. The deadline for proposals is **22nd February 2019**.

*Further information:*
https://www.economicsnetwork.ac.uk/dee2019

20-22 September

**CALL FOR PAPERS**

6th InsTED Workshop: Advances in the theory and empirics of institutions, trade and economic development. Submissions are invited at the intersection or union of institutions, international trade and economic development. Keynote speakers: Robin Burgess (London School of Economics) Giovanni Maggi (Yale University)

Submission deadline for paper or 3 page abstract: May 31st 2019. Please send your submission to isleide.zissimos@gmail.com

*Further information:*
http://blogs.exeter.ac.uk/insted/

7-8 November

**CALL FOR PAPERS**

15th Annual Central Bank Conference on the Microstructure of Financial Markets, sponsored by the Sveriges Riksbank. This annual central bank workshop invites researchers, policy-makers and practitioners to discuss theoretical work, empirical findings and policy implications related to the microstructure of financial markets. Drafts of completed papers should be submitted in PDF format by **May 1, 2019** to research@riksbank.se. Authors will be notified by June 19, 2019.

*Further information:*
www.riksbank.se/en/research/conferences

27 www.res.org.uk/membership/newsletter.html
Membership of the Royal Economic Society 2019

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

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

Membership subscriptions 2019

RES Member: Print + Online 1 year £59
RES Member: Online only 1 year £41
RES Member: Online only 3 years £107
RES Student Member: Online only 1 year £12
RES Student Member: Online only 3 years £19
RES Retired Member: Online only 1 year £24
RES Retired Member: Print + Online 1 year £32
RES Developing Countries Member: Print + Online 1 year £32
RES Developing Countries Member: Online only 1 year £24

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

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