Do we need a ‘Plan B’?

Our initial suggestion (July 2010) that members might hold differing views about the merits of the UK government’s policy of fiscal consolidation, was clearly correct. The latest response comes from Mark Harrison at the University of Warwick which argues that two frequently-heard criticisms of the policy, namely, that we should (instead) borrow our way out of recession and that we can spend our way out of debt, are untrue. Assuming this to be correct for the moment, then the future looks bleak. At the time of writing all the indicators suggest that GDP growth for 2011-12 will be so close to zero as to be indistinguishable. One wonders, therefore, what a ‘Plan B’ might look like if we are in this same position in a year’s time. Mark’s article relates to the two fundamental issues just referred to. This leaves open, as he says, a legitimate debate about the timing and scale of spending reductions. Maybe someone would like to take that up.

Against this gloomy background, Angus Deaton’s ‘Letter from America’ is altogether more upbeat in its insistence that economics has succeeded in showing us a great deal about how the world works, contrary to some rather ill-informed (and prejudiced?) views, notably in the USA.

In addition to these items, we have a substantial report from the Women’s Committee and a summary of recent discussions between CHUDE and REF planners which many will find interesting. As always, the MMF has managed to meet a very tight deadline with its Annual Report and there are other interesting items — on Adam Smith’s Edinburgh residence and whether ‘too big to fail’ (when applied to banks) is missing the point.
Publisher quarterly in
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Next issue

Newsletter No. 156 - January 2012

Articles, features, news items, letters, reports etc. should be sent to the Editor by:

15 December 2011

Items concerning conferences, visiting scholars and appointments should be sent to the Information Secretary by:

16 December 2011

Contributions from readers

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

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

Visit our website at:

www.res.org.uk
Shutting up shop, at least for now?

Arguing against recent criticisms that economics cannot answer major questions, Angus Deaton’s latest Letter from America shows that economists understand a great deal about how the world works.

According to a recent Financial Times column by Samuel Brittan, at the end of his life Keynes came to believe that economics was in a period of turmoil that, at least until things were sorted out, had destroyed its applicability to policy. Some feel that economists today should listen to Keynes, though I suspect that many find it more tempting to follow his example, not his advice. Non-economists have been admonishing economists, from the Queen’s pointed questions about why economists did not see the crisis coming, to a speech a year ago by Robert Zoellick, President of the World Bank. Zoellick, who employs a large number of economists, argued for ‘democratizing development economics’, that knowledge needed to flow to the North and West not just from the North and West, and jibed that ‘in physics, Nobel prizes are awarded for being correct while in economics they are often awarded for being brilliant’.

(It is an interesting exercise to list economics laureates, and allocate them to one or other of Zoellick’s boxes.) The barb brings to mind Niels Bohr’s visit to Kings’, during which he asked Keynes for a nice economic problem for a physics rest day. Keynes suggested he think about the stock market, and Bohr came back to high table the next evening with something very close to the efficient markets hypothesis. Once Keynes had recovered from his merriment, he suggested that Bohr stick to his atoms, and so delayed the birth of modern finance for 50 years. Many would argue that the switch from trying to predict the market to understanding that it cannot be predicted was one of the great successes of modern economics — something that was not just ‘brilliant’ but ‘correct’ — so that it is ironic that the profession should now be so heavily criticized for failing to do something the impossibility of which, at least in part, is one of its signal achievements.

Facing the critics...

Another influential economics skeptic is a one-time family doctor from Oklahoma, US Senator Tom Coburn, who has set himself up as a scourge of wasteful government expenditure and who targeted the National Science Foundation in an April 2011 report. The NSF spends about $7 billion a year, mostly on the physical sciences, biology, engineering, and mathematics, and has a relatively small SBE directorate (4 percent of the budget) standing for ‘social, behavioral, and economic’ sciences. SBE has been for many years a major funder of basic research in economics in the US, including data collection such as the Panel Study of Income Dynamics. Coburn’s report is of a quality that would have shamed the late News of the World. Like that lamented publication, much of it is about sex, about NSF employees ‘pervasive’ viewing of pornography on the web, and about NSF researchers at the South Pole who exhibited ‘moral failure’ by indulging in spare time activities that in some cases involved nudity (‘Guilty, m’Lud!’) The report mistakenly identified $1.7 billion that should have returned to the Treasury (the sum turned out to be previously committed but undisbursed funds), and produces a long list of ‘silly’ projects, that ‘most Americans will consider fraud, waste, and abuse’. Only a few of these are in economics, including Charlie Brown’s calculation that a husband generates seven hours of additional housework for his wife (a classroom exercise on using the PSID that was not funded by NSF), which is taken as evidence that the $60 million that the NSF has spent on the PSID over the years was wasted. Out of all of this, Coburn draws the ‘obvious’ implication, that the NSF should stop funding social, behavioral, and economic science. Physics, biology, and engineering presumably do not lead to the moral failure that the report documents in such meticulous (and even photographic) detail.

...with the evidence

Meanwhile, the social, behavioral, and economic sciences directorate of the NSF had been active on its own behalf and, in the end, the Coburn proposal was defeated. (The NSF offered work on kidney matching and spectrum auctions as examples of economics funding that had benefited the nation.) In 2010, the Director issued an open invitation to economists to write brief white papers identifying ‘grand challenges’ in economics that might help shape NSF funding in the future, and 53 economists responded. Collectively, they are an excellent antidote to grumpy old men who are prone to over-critical views of their profession, or to those who spend too much time reading the
shrill debates in the media. They are honest about problems and important things we do not know but they are also full of ideas for the future that build on the successes of the past. There is an impressive amount of agreement. Macroeconomists, while claiming some recent success in monetary policy, are uniformly concerned about their inability to incorporate financial frictions and systemic risk into macroeconomic models and about the lack of recent work on fiscal policy. More broadly, these papers remind us that we know a lot even when our understanding is incomplete. Oliver Hart (writing about contract theory) notes that ‘theory is enormously useful in clarifying the trade-offs and helping us to avoid the adoption of policies that may actually be counterproductive’. Helping stop nonsense is important, and we are good at it. Life-cycle theory is another example. It is incomplete and in many respects incorrect, yet it is hard to see how without it we could even begin to think about pensions, aging, or the funding of healthcare. Dani Rodrik argues that our fault has been forgetting that good economics avoids the commitment to one model, but rather consists in knowing how to choose one from many according to circumstance.

Many of the white papers call for more data, including internationally comparable micro data, the easier use of administrative data, and the ability to ‘drill down’ from macro aggregates to various levels of disaggregation. The last was one of the more important recommendations of the Stiglitz Commission and is currently being pursued within the American statistical system. What is perhaps most surprising is the almost universal call for greater collaboration with other disciplines, particularly but not exclusively with other social sciences. Behavioral economics and psychology are everywhere, and it is much harder than once was the case to see any real distinctions between what economists do and what is done by sociologists, psychologists, and political scientists. This is not the imperialistic economic enterprise of 20 years ago, where economists set out to conquer their poor sisters — armed with rational choice and a self-proclaimed monopoly on the tools of causal inference. Nor is it the funder-enforced tokenism of which Michael Boskin rightly warns. Instead, economists now believe that it is impossible to think about economic development, or about macroeconomic policy, without incorporating politics, and that sociology and psychology have serious things to tell us about human behavior. Of course, we have hardly started the most difficult tasks, including, as Peter Diamond notes, discovering what the insights of behavioral economics tell us about the working of markets.

While it is hard to rejoice in the quality of economic policy making today, it will not be done any better in the absence of the knowledge that economists bring to the table. Economists have indeed learned a lot since Keynes.

Note:
The grand challenges white papers can be found at http://www.aeaweb.org/econwhitepapers/
Adam Smith Can Return to Edinburgh!

Sir Alan Peacock describes the recent efforts by the Edinburgh Business School at Herriott-Watt University to acquire Adam Smith’s former residence, Panmure House. Sir Alan also invites suggestions from the RES for the planned programme of events to be hosted once the restoration is complete.

To celebrate the indispensable edition of Adam Smith’s works which Glasgow began to publish in 1976, a dinner was held with George Stigler, one of our first Laureates, as after-dinner speaker. ‘Everything’s OK. Adam Smith is still alive and living in Chicago!’, he announced. His shade may fairly shortly be able to return to familiar haunts. Smith occupied Panmure House, just off the Royal Mile in Edinburgh, from 1788 until he died in 1790. It was there that he presided over the famous dinners at which the interchange of radical ideas on the organisation of society and government were discussed and which retain their influence to this day.

The post-18th Century history of Panmure House has some ironic twists. Changes in use destroyed some of its internal features of perceived architectural value. Stirrings of interest in the House arose at the bi-centenary of Smith's death in 1990. My first enquiries about its use go back to the 1970s when Edinburgh District Council used it as a day centre for ‘delinquent youths’ Twenty years later nothing much had changed except political correctness required that they should now be called ‘wayward boys’. (Intellectual opponents of Smith would presumably aver that nothing in the character of the occupants had altered!) Finally, in 2008 Edinburgh District decided to sell the building with the proviso that it had to be used for bona fide academic and educational occasions.

Of course, the announcement gave rise to the usual cry from academic circles that ‘something must be done’ to save the building from philistine incursions, but with little indication as to where the purchase money could be obtained and how to meet the proviso. The Director of the Edinburgh Business School (EBS), Herriot-Watt University, Professor Keith Lumsden, his senior staff and Board of Management, saw this as a unique opportunity and EBS had sufficient funds to make a bid, which was accepted.

The next stage was to draw up plans to give effect to the conditions of sale. Permission had to be obtained from the planning authorities, and would only be granted after opportunity given to raise objections. That is when the trouble began. The planning authorities’ own inspectors were not satisfied that there would be reasonable access for disabled persons unless considerable revisions were made. However, those that would fulfil planning guidelines were judged to be out of keeping with the architectural style of the period, as laid down by Historic Scotland (HS), the Scots counterpart to English Heritage. As advisors to the Scottish government, they reported adversely on the plans, despite the decisive vote in favour of the plans by the Planning Committee of the City. Heriot Watt demanded a public enquiry and the dispute with HS was referred to arbitration. Fortunately, the decision went in favour of EBS but it had taken nearly three years since the sale of Panmure House before it was reached. Perhaps if the management of Historic Scotland had not been imbued with a Ruskinian view of history and had realised that history is less about decaying buildings and more about their erstwhile occupants, the time scale would have been reduced and also the considerable expense of disputation.

The process of bringing plans to fruition will mean that, even if all goes well and no further objections are made, it may be two years or more before Panmure House can become operational. EBS has its own ideas about fulfilling its remit, emphasising the importance of speculative thinking and exchange of ideas within the framework of political economy. At least, the run-up to opening can be sensibly used to devise a programme which takes full account of comments and suggestions from economists and social scientists generally. Expressions of encouragement and support by the Council and members of the Royal Economic Society would be particularly welcome.

Note:
1. See Ian Ross’s deservedly praised biography, The Life of Adam Smith, 2e 2010, Oxford, Oxford U P.

Call for Papers
Applied Economic Perspectives and Policy

An increasingly important share of health care expenditure and demand is determined by individual choices. Lifestyle choices associated with food, smoking and drinking can explain an increasing role of health systems activity. With this in mind, Applied Economic Perspectives and Policy’s 2013 special issue explores The Economics of Lifestyles, Obesity and Nutrition.

Deadline for Submission: 31st December 2011
Further information from: www.oxfordjournals.org/page/4351/5
This report on the recent survey was prepared by Laura C. Blanco and Prof. Karen Mumford at the University of York.

This report covers the eighth survey of the gender and ethnic balance in academic employment in economics in Britain in a series started in 1996 by the Royal Economic Society (RES) Women’s Committee and repeated bi-annually thereafter. In 1998, the RES also undertook a survey into the ethnic composition of academic employment in economics and since 2004 the two surveys have been combined. The questionnaire was emailed out by Tim Worrall (CHUDE Secretary) on November 2nd, 2010, to around 95 institutions drawn, as in previous years, from the CHUDE mailing list. The survey aimed to collect information as of November 1st 2010 on academic staff (full-time and part-time) by grade of employment, gender, ethnicity, and country of birth. It also collected information on promotions, new hires and job leavers (in the academic year 2009/2010).

By March the 11th 2011, 57 questionnaires had been returned: a reasonable response rate of 60 per cent. In a second stage of the surveying process, Gwen Postle and Karen Mumford also gathered information from the web-sites of the CHUDE departments. These web-based data were used in comparisons with the email survey responses and with the original 1996 postal survey data.

Summary of the main results

• women constitute 22 per cent of all academic staff in economics;
• women are under-represented among Professors — one in three men are Professors compared to one in six women;
• the proportion of women is substantially higher in research jobs than in standard academic jobs;
• the proportion of women is higher among part-timers than full-timers;
• 18 per cent of staff are from ethnic minorities, 12 per cent of Professors belong to these minority groups;
• women are disproportionately represented amongst the ethnic minorities

It is also of interest to compare the results from the 2010 survey with that from 2008. The lower response rate in 2010 limits this balanced sample comparison but the overall impression is:

• the proportion of women among academic economists has remained comparatively stable between 2008 and 2010
  • female Professors are promoted internally rather than hired
  • job separations are rare for senior females

Comparing the 2010 balanced sample results to those from the 1996 survey:

• In aggregate the workforce has grown substantially over the fourteen years, from 2346 to 2857 academic economists (a 21.8 per cent growth rate).
• in 1996 women made up 17.5 per cent of the workforce, by 2010 this has risen to 21.9 per cent (a comparatively modest increase of 4.4 percentage points).
• the numbers of Professors has more than doubled over the time period (from 14.2 per cent of all staff to 26.3 per cent)
• women are twice as likely to be in the standard academic grades in 2010 than they were in 1996 (in 1996 women made up approximately 15 per cent of the Lecturers, 10 per cent of the Readers/Senior Lecturers and 5 per cent of the Professors; in 2010 women make up some 30 per cent of the Lecturers, 20 per cent of the Readers/Senior Lecturers and 10 per cent of the Professors).

Table 1 shows the numbers of economists employed in academia in the UK from the total email survey return. The vast majority of these economists are working in standard academic appointments (i.e., mixed teaching and research jobs as opposed to research-only appointments), slightly less so for women than for men. The majority of these academic economists are also working full-time in continuing contracts; this figure is also slightly lower for women than for men. As in previous years, women are found to be under-represented in the senior job grades.
Table 1. Primary employment function: All academic staff in economics departments and research institutes (responding email sample, 2010).

<table>
<thead>
<tr>
<th>Primary Employment Function</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
<th>% Fem</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Staff: full time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professors</td>
<td>42</td>
<td>344</td>
<td>386</td>
<td>10.9</td>
</tr>
<tr>
<td>Readers</td>
<td>17</td>
<td>74</td>
<td>91</td>
<td>18.7</td>
</tr>
<tr>
<td>Senior Lecturers</td>
<td>52</td>
<td>182</td>
<td>234</td>
<td>22.2</td>
</tr>
<tr>
<td>Lecturers - continuing</td>
<td>115</td>
<td>302</td>
<td>417</td>
<td>27.6</td>
</tr>
<tr>
<td>Lecturers - fixed term</td>
<td>15</td>
<td>23</td>
<td>38</td>
<td>39.5</td>
</tr>
<tr>
<td>Senior Researchers</td>
<td>11</td>
<td>13</td>
<td>24</td>
<td>45.8</td>
</tr>
<tr>
<td>Researchers - continuing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>33.3</td>
</tr>
<tr>
<td>Researchers - fixed term</td>
<td>18</td>
<td>36</td>
<td>54</td>
<td>33.3</td>
</tr>
<tr>
<td>Totals</td>
<td>271</td>
<td>976</td>
<td>1247</td>
<td>21.7</td>
</tr>
<tr>
<td>All Staff: part time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professors</td>
<td>6</td>
<td>36</td>
<td>42</td>
<td>14.3</td>
</tr>
<tr>
<td>Readers</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0.0</td>
</tr>
<tr>
<td>Senior Lecturers</td>
<td>2</td>
<td>12</td>
<td>14</td>
<td>14.3</td>
</tr>
<tr>
<td>Lecturers - continuing</td>
<td>11</td>
<td>14</td>
<td>25</td>
<td>44.0</td>
</tr>
<tr>
<td>Lecturers - fixed term</td>
<td>1</td>
<td>11</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Senior Researchers</td>
<td>1</td>
<td>6</td>
<td>7</td>
<td>14.3</td>
</tr>
<tr>
<td>Researchers - continuing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Researchers - fixed term</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>71.4</td>
</tr>
<tr>
<td>Totals</td>
<td>26</td>
<td>82</td>
<td>108</td>
<td>24.1</td>
</tr>
<tr>
<td>Grand Total</td>
<td>297</td>
<td>1058</td>
<td>1355</td>
<td>21.9</td>
</tr>
</tbody>
</table>

Source: RES Women's Committee Survey 2010, email based.

Of all the women employed full time in standard academic appointments (see Figure 1), 17 per cent are Professors and a further 29 per cent are Readers or Senior Lecturers. Roughly one in every two of the women is a Lecturer. Carrying out a similar exercise for the men (Figure 2) reveals that males are roughly twice as likely to be Professors but only slightly more likely to be Senior Lecturers or Readers than are the women.

Part time employment

Concentrating on the part-time employees (see the lower panel of Table 1), the number of men working part-time is considerably larger than the number of women; however, their numbers relative to the total pool of male employees are smaller: 8.8 per cent of female economists in academia are working part-time and 7.8 per cent of male are. Of the female economists in standard academic jobs, 7.7 per cent work part-time whilst 7.4 per cent of the males do. Women are particularly prevalent amongst the part-time Lecturers in permanent positions and the part-time Researchers in fixed term contracts (comparing the higher and lower panels of Table 1).

Of the part-time women employed in standard academic appointments, 30 per cent are Professors and 60 per cent are Lecturers (see Figure 3). Carrying out a similar exercise for the men (Figure 4) reveals that 49 per cent of the part-time males are in the Professorial grade with 34 per cent in the Lecturer grade. In other words, part-time males are 1.6 times as likely to be Professors and roughly half as likely to be Lecturers as are part-time women.

The majority of the Professors working on a fixed term contract are working part-time (58 per cent), which is also true for the only female Professor on a fixed term contract. In contrast, two thirds of the relatively scarce Senior Researchers are employed on a fixed term basis and 13 per cent of them are also working part-time. Researchers are particularly prone to be on a fixed term contract (95 per cent) and about a tenth of these academics are also working part-time. Researchers are also substantially more likely to be female; 71 per cent of part-time Researchers on fixed term contracts are female.

Considering a role model effect

It may be that departments with female Professors find it easier to recruit, promote and/or retain other women (a role model effect). In aggregate, departments with a female Professor had an average of 16 per cent of female staff in non-professorial job ranks, in departments with no female professor this proportion was 20 per cent. Departments with at least one female Professor were also slightly larger in size, as measured by the number of staff below Professor (16 relative to 13). Taken in combination, however, the evidence presented in the report does not provide compelling prima facie support for the role model hypothesis (a similar conclusion was reached for the 2006 and 2008 surveys).

Analysis by RAE results

It may also be argued that there is a relationship between the presentation of women in a department and the department's rank in the Research Assessment Exercise (RAE). This is another issue that has been explored in the
previous surveys and reports, without convincing results supporting the hypothesis.

During the 2008 RAE, departments could be rated under different Units of Assessment (UoAs). The data were analysed to see if there were any differences between departments rated in the ‘Economics and Econometrics’ unit (UoA 34); the ‘Accounting and Finance’ unit (UoA 35); and the ‘Business and Management’ unit (UoA 36). Departments could submit to multiple units and many did (30 of the responding departments submitted to Economics and Econometrics; 7 to Accounting and Finance; and 50 to Business Management). For these responding departments, the average RAE score for each of the Units of Assessment were 2.85 for Economics and Econometrics; 2.36 for Accounting and Finance; and 2.45 for Business Management. Of those departments submitting to more than one Unit of Assessment, ranking priority for categorisation of the RAE score results was set at ‘Economics and Econometrics’ › ‘Business and Management’ › ‘Accounting and Finance’. Figure 6 shows the proportion of female staff in each grade rank by the RAE score of the department. The departments were divided into those who scored (i) below 2.5; (ii) 2.5 or above but below 3; and (iii) 3 or above. Of the 56 responding departments who submitted to these units of assessment, 10 departments scored above 3 (465 staff members), 22 departments scored above 2.5 but equal to or below 3 (545 staff), and 24 departments scored 2.5 or below (338 staff); none of the departments scored below 1.

The results in Figure 5 are clearly mixed. Amongst the higher RAE scoring departments, the relative number of female Professors, Senior Lecturers and Senior Researchers is greater in those departments scoring above 3 than in those scoring above 2.5 but below 3. There is also some concentration of separate research clusters with Senior Researchers in those departments that rated highly in the RAE. (Of the 338 staff members present in the lower RAE scoring departments, there is only one Senior Researcher. This single Senior Researcher is female and is therefore recorded as 100 per cent female representation in this grade rank.)

**Job flows and promotions**

Table 2 presents information on new staff hired in the last year in the respondent department: columns 1 to 4 for the full 2010 email sample; columns 5 and 6 are the 2010 survey balanced sample results for those departments responding to both the 2010 and the 2008 surveys; and columns 7 and 8 are the full 2008 email survey results. Hiring in 2010 can be seen to be fractionally lower than it was in 2008 and a decreasing percentage of women are hired as the grade ranks increase in the balanced sample.
The majority of inflows into the senior academic grades (Professorial, Reader or Senior Lecturer) may be due to promotion rather than new hires. Table 3 presents information on internal promotions (i.e., those promotions within the department) and follows the same structure as Table 2.

Table 3: Internal promotions

<table>
<thead>
<tr>
<th></th>
<th>Female (1)</th>
<th>Male (2)</th>
<th>Total (3)</th>
<th>%Fem (4)</th>
<th>Total (5)</th>
<th>%Fem (6)</th>
<th>Total (7)</th>
<th>%Fem (8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>7</td>
<td>20</td>
<td>27</td>
<td>25.9</td>
<td>27</td>
<td>25.9</td>
<td>25</td>
<td>24.0</td>
</tr>
<tr>
<td>Reader</td>
<td>2</td>
<td>13</td>
<td>15</td>
<td>13.3</td>
<td>15</td>
<td>13.3</td>
<td>20</td>
<td>30.0</td>
</tr>
<tr>
<td>Senior Lecturer</td>
<td>6</td>
<td>13</td>
<td>19</td>
<td>31.6</td>
<td>18</td>
<td>33.3</td>
<td>39</td>
<td>30.8</td>
</tr>
<tr>
<td>Lecturer</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
<td>2</td>
<td>50.0</td>
<td>7</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16</td>
<td>47</td>
<td>63</td>
<td>25.4</td>
<td>62</td>
<td>25.4</td>
<td>91</td>
<td>27.5</td>
</tr>
</tbody>
</table>


These numbers of internal promotions are obviously small so we should again be cautious about how valid the implications of these flows for changes in relative employment actually are. Nevertheless, women gaining 7 of the 27 professorial promotions in 2010 merely keeps the relative stock of female Professors effectively stable. Internal promotion of female Readers decreased by more than half, while Senior Lecturers show similar results to those in 2008.

The third flow affecting the stock of academic economists is, of course, leavers (see Table 5). In aggregate, women make up a similar proportion of these separations as they do of the total pool of academic economists but such separations are rare for the most senior women (Professors and Readers).

Table 4: The proportion of internal promotions awarded to female economists (responding sample, 2010)

<table>
<thead>
<tr>
<th></th>
<th>Female (1)</th>
<th>Male (2)</th>
<th>Total (3)</th>
<th>%Fem (4)</th>
<th>%Fem in grade (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>7</td>
<td>20</td>
<td>27</td>
<td>25.9</td>
<td>11.2</td>
</tr>
<tr>
<td>Reader</td>
<td>2</td>
<td>13</td>
<td>15</td>
<td>13.3</td>
<td>18.5</td>
</tr>
<tr>
<td>Senior Lecturer</td>
<td>6</td>
<td>13</td>
<td>19</td>
<td>31.6</td>
<td>21.8</td>
</tr>
<tr>
<td>Lecturer</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>50.0</td>
<td>28.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16</td>
<td>47</td>
<td>63</td>
<td>25.4</td>
<td>20.7</td>
</tr>
</tbody>
</table>

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These numbers of internal promotions are obviously small so we should again be cautious about how valid the implications of these flows for changes in relative employment actually are. Nevertheless, women gaining 7 of the 27 professorial promotions in 2010 merely keeps the relative stock of female Professors effectively stable. Internal promotion of female Readers decreased by more than half, while Senior Lecturers show similar results to those in 2008.

The 2010 survey also asks respondents about the reasons for separations. One out of five leavers moved for a promotion, a similar number retired, and a further 13 per cent left because they had reached the end of their contract. Women are less likely than men to leave for promotion, but they are more likely to reach the end of their contract, which is no surprise since women are overrepresented in the staff with fixed term contracts. One out of ten leavers cited family reasons for quitting their jobs, which might indicate ineffective implementation of family friendly work practices within departments. This may be a more pertinent issue for women as 31 per

Table 5: Separations

<table>
<thead>
<tr>
<th></th>
<th>Female (1)</th>
<th>Male (2)</th>
<th>Total (3)</th>
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<th>%Fem in grade (5)</th>
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cent of those who left their job due to family reasons are women and women are 1.6 times more likely than men to do so.

**Ethnicity**

Overall, amongst the responding sample, 81.9 per cent of academic economists are considered to be white, adding to a trend of decline: 82.9 per cent of the sample in 2008; 84.2 per cent in 2006; and 86 per cent in 2004. The proportion of whites amongst the more senior grade ranks also typically displayed a slight trend downwards, including Professor (91.38 per cent in 2004, 90.76 per cent in 2006, 88.5 per cent in 2008, 87.6 per cent in 2010); and Reader (90.5 per cent in 2004, 84.9 per cent in 2006, and 84.6 per cent in 2008, 83.3 per cent in 2010).

Female academic economists are more likely to be non-white than are males: 25 per cent of the females are relative to 16 per cent of the males. Women constitute 41 per cent of the Chinese academic economists, 28 per cent of other ethnic minorities, and 30 per cent of the South East Asians. It is only amongst the black ethnic minority grouping that females occur in disproportionately low numbers. The correlation between gender and ethnicity is found to occur predominantly via non-white women being more common place at the Researcher and Lecturer (permanent) levels.

**Comparing the 2010 surveys**

A striking difference in the results from the web-based surveys and the email surveys is the number of extra senior staff members listed on the web pages but not included in the email responses, this is especially true for Professors and Senior Researchers. Comparing the total staff by rank in the balanced samples reveals 648 Professors in the balanced web sample and only 428 in the email survey (more than a third extra in the web sample), and 183 Senior Researchers relative to 31 in the email survey (almost six times as many). There is also a greater concentration of males amongst these senior ranks on the web pages. It may be that these extra staff members are actually in Emeritus, Visiting or Honorary positions not considered to be ‘salaried members of academic and research staff’ as required for inclusion in the email survey of departments. The preponderance of males amongst this group is also predictable if membership is associated with older cohorts of academic economists. Nevertheless, it suggests a greater presence of senior male economists in prestigious appointments in the departments.

The second major finding is that the departments choosing not to participate in the 2010 email survey were not less likely to contain women (consistent with the 2006 and 2008 survey findings).

**Changes over time.**

Figure 6 plots the percentage of women amongst the total academic economics workforce (including research grades) and amongst the standard academic workforce for each of the RES Women’s Committee surveys. These results are from unbalanced samples, reflecting the fullest sample information from each of the surveys. An overall growth trend in the percentage of women in the workforce can be seen in the figure (with or without the inclusion of the research grades), with some evidence of stabilizing between 2008 and 2010.

Women made up 21.9 per cent of the total academic economics posts in 2010, compared to 17.5 per cent in 1996; in the past 14 years there has only been a 4.4 percentage point increase in the representation of women in academic economics.

Note:
A full version of the report can be found at: http://www.york.ac.uk/media/economics/documents/discussionpapers/2011/1119.pdf
Data Centres: their use, value and impact

A report recently published by the Research Information Network and JISC provides an analysis of the usage and impact of a number of research data centres (including the ESDS), representing a cross-section of research disciplines in the UK.

The study aimed to understand how data centres are used by UK researchers, and to explore the services that they found particularly useful. It also sought to establish any wider benefits of research undertaken using data centre resources. It found that

• Data centres are a success story for their users, and funders and policy-makers should continue to support and promote existing national data centres.

• Data centres are important both for reference purposes, and for novel research. Both these uses should be maintained and encouraged.

• Data centre staff manipulate, interpret and support use of data sets, and this is highly valued by researchers. The role of data centre staff should be supported, and perhaps investigated further to support advocacy for data centre services.

• Data centres should continue to collect information about users and usage for planning and advocacy purposes.

• Although deposit levels are promising, researchers need more encouragement to deposit data. National and international initiatives in this area should be monitored and factored into any consideration of how to improve deposit rates.

• If data centres are to support the grand challenges of modern research, they need to do more to facilitate inter-disciplinary working. Improving facilities for data discovery across data centres may help.

• The national data centres are just one part of a broader landscape for data curation and storage. Further work needs to be done to investigate how they can work most effectively with local, national and international services.

RIN hopes that the report and its findings will stimulate new dialogue and new approaches to policy and practice across all stakeholders. Views and feedback from RES members would be very welcome. Hard copies of the report can be requested from contact@rin.ac.uk. They are also available to download from www.rin.ac.uk/data-centres.

In addition RIN is hosting an event on Thursday 17 November 2011 from 5.30-8.30pm at the Wellcome Collection in Central London to discuss some of the issues that arise from the report. A panel of speakers will discuss the value proposition for research data centres, and consider the best way to communicate this value. The event will be followed by a drinks reception, and an opportunity to view the Wellcome Collection’s galleries.

RES members who would like to know more about this event, or are interested in booking a place, should email: contact@rin.ac.uk.

Police patrols cut crime — new research from CEP

A new study from the LSE’s Centre for Economic Performance shows that police patrols are a highly effective tool for cutting crime. The study, published in the American Economic Review1 studied the impact of the increased use of police patrols for a period after the 7/7 London terrorist attacks in 2005.

‘In the wake of the 7/7 attacks, crime fell by around 12 per cent in areas where police patrols were most concentrated’, says Professor Stephen Machin, an author of the study. ‘By our estimates, a 10 per cent increase in resources for police patrols led to a 3 per cent drop in crime’.

‘Typically, research of this type can’t pick out the real effect of police on crime’ said co-author Mirko Draca. ‘In fact, if you look at the data there are more police in areas where crime is already high. This is because the police have to locate their resources in places where they’re most needed’.

‘However, the period after the 7/7 attacks provided a “natural experiment” where we were able to precisely pick out the true causal effect of police on crime. Indeed, earlier research had suggested that the effect of police patrols might be close to zero but our research uncovers a decisive effect’.

The study is directly relevant to current conditions in the aftermath of the recent riots across England and severe restrictions on police budgets:

‘The current large deployment of police across the country has similarities with the post-7/7 period. So far, once they were significantly increased, the patrols appear to have acted as a strong deterrent to further riots’.

‘The central message of the research is that sizable police patrols are one tool that policy-makers can count on. We don’t argue that increased police numbers should be the sole focus on anti-crime policy but our research suggests that if the police are resourced properly, the effects can be powerful’.

‘Another message is that the planned 20 per cent cuts in police resources will inevitably put upward pressure on crime rates. Our estimates indicate that crime could rise by around 6 per cent as a result of the planned cuts’.

Surely you’re joking, Mr Keynes?

Mark Harrison, University of Warwick, takes a critical look at two questions that have been widely debated in the last few months: One is that we should borrow our way out of recession; the other is that we can spend our way out of debt.

The British government has argued that its rising debt is too large in proportion to GDP; fiscal consolidation is required to control the debt; taxes have already been raised, and the rest of the burden must fall on public spending. Already unpopular with many of those concerned about social justice and welfare, this policy is all the more open to attack when private demand is weak, and external bodies such as the IMF (2011a) have urged ‘flexibility’ on the Chancellor.

What good purpose is served by fiscal consolidation? RES Newsletter readers have discussed this since July 2010, when the editor called for an exchange of views. A paper by Victoria Chick and Ann Pettifor (2011) has provided one focus for discussion. I will comment on their work too, but first I would like to place it in a wider context.

A common criticism of expenditure cuts is that they are premature, because private demand is currently weak. Those who take this view accept budget cuts are necessary at some point; they claim only that the timing is wrong, a matter that can reasonably be debated. Going further, more radical opponents have asserted that the case for fiscal consolidation is flawed or even feigned: in fact, they argue, fiscal consolidation cannot control the public debt, and debt reduction is not necessary in the first place.

In the public arena, an articulate opponent of fiscal consolidation has been the journalist Johann Hari (2011a), who wrote on February 11, 2011:

Beneath Cameron’s entire agenda runs the biggest lie of all: that Britain is facing an ‘unprecedented’ level of debt. In reality, Britain’s national debt has been higher as a proportion of GDP for 200 of the past 250 years.

The Observer repeated this claim in an editorial of June 5, 2011. On March 29, Hari (2011b) continued:

Here’s the lie. We are in a debt crisis. Our national debt is dangerously and historically high. We are being threatened by the international bond markets. The way out is to eradicate our deficit rapidly. Only that will restore ‘confidence’, and therefore economic growth. Every step of this program is false, and endangers you.

Citing a working-paper version of Chick and Pettifor (2011), he concluded:

It turns out that if all you do is fixate on paying your deficit down now, and so you smother your economic growth, you will end up not being able to pay your debts off anyway. That’s what just happened to our nearest neighbor Ireland, may she rest in peace. And it’s what has happened throughout British history.

To summarize, there are two views of the British public finances that for some reason can be found together. One is that we have the scope to borrow our way out of recession; the other is that we can spend our way of debt. There are good grounds to think that both are false, and I will try to set out the reasons.

Should we borrow our way out of recession?

Figure 1 shows the evolution of Britain’s public debt burden since 1692. Is it true that Britain’s current debt level is historically modest? Yes, clearly — although the true number of years in which Britain has had higher debt than now is 169 (not the claimed 200) of the last 250.
What else is of interest in these figures? Because the level of debt today is the sum of past changes, we could also look at its rate of change. Generally, the debt ratio rose from 1692 to 1815 and from 1913 to 1945 in association with frequent wars. It fell from 1815 to 1914, and after 1946, when Britain was mainly at peace. Interestingly, there were just 36 years in 316 up to 2008 when the debt grew faster as a percent of GDP than in 2009 to 2011. One run of years when the public debt climbed faster was 1915 to 1919. Another was 1941 to 1946. In short, Britain's debt has grown recently at rates normally exceeded only in major wars.

In some general sense, however, it's true: Britain's debt today is not high by the standards of most years before the 1970s. If much higher debt was sustainable then, why not now? There are important reasons why Britain today cannot handle the 200 per cent plus debt ratios that characterized the 1820s (after the Wars of the Austrian and Spanish Successions, the Seven Year War, and the Napoleonic Wars) and the 1950s (after World Wars I and II).

Generally, the world has changed. In past eras of high debt, Britain faced low long term borrowing costs — less than 4 per cent in 178 of the 227 years from 1729 to 1955. This includes a year such as 1819 when the debt/GDP ratio reached its post-Napoleonic peak of 260 per cent (but it would not include any year from 1956 onwards) (Officer 2011). In the eighteenth and nineteenth centuries, an integrated global capital market developed in which the British economy was the major borrower and lender. There was little credible competition with British bonds. British public debt remained universally acceptable despite its relative abundance. The United States has enjoyed a similar position since World War II, but soon perhaps no longer.

Before the twentieth century, moreover, the British government did not have major commitments to social spending at home. The spending of the central government was principally on administration and defence. As a use of government revenue, interest payments did not have to compete with major entitlement claims. This helped government guarantees to remain credible.

The two world wars broke up the global capital market. Although no longer the world's financier, in the mid-twentieth century Britain could continue to manage a much higher debt ratio than today's by closing the domestic capital market. Exchange controls prevented British savers from lending abroad and protected British bonds from competition. With alternatives kept out of the market, British public debt continued to be acceptable at home.

These conditions no longer exist. There is a global capital market once more. Today, no one has to lend to the British government for lack of alternatives. British bonds have no specific advantage for foreign lenders (as they had in the eighteenth and nineteenth centuries), and domestic lenders can pick and choose among bonds issued by many countries (something they could not do in the mid-twentieth century). For this reason alone, a debt that was sustainable decades or centuries ago is not sustainable now.

And for another reason: the balance between the real interest and real growth rates, which decides the sustainable primary budget balance, will also surely be less favourable to the UK in the coming years than in the past. In short, whether or not it is true, or overstated, it is irrelevant that 'Britain's national debt has been higher than it is now for 200 of the past 250 years.' The conditions of those 200 years have gone. Whether that is for better or worse can be debated, but it is a fact.

Historically, having a debt twice the size of the national income has been a sign that something went terribly wrong: a run of major wars, for example. Faced with the worst recession in 80 years, the British government was right to let its budget go into deficit temporarily. At that moment an increase in Britain’s debt was inevitable. Now it looks essential to bring it back under control over a few years.

Can we spend our way out of debt?

If debt reduction is necessary, how can it be done? Both the Treasury and the Office of Budget Responsibility give a common answer: through fiscal consolidation, they expect Britain’s public debt will grow more slowly, peak in 2014 at around 70 percent of GDP, and then start to fall. Spending cutbacks will eventually win.

Chick and Pettifor (2011) tell a contrasting tale of the Keynesian multiplier, in which fiscal consolidation is self-defeating. Expenditure cutbacks reduce private incomes, they argue, and so tax revenues. Debt may rise and GDP will certainly fall, pushing up the debt ratio. In fact, they suggest, the government should spend its way out of debt.

How good is this story? You can write the theory many ways, but ultimately it’s an empirical question. Quite rightly, Chick and Pettifor (2011a) ask how the public debt has responded historically to changes in public spending. Specifically, they regress $\Delta D$, the change in the debt ratio (in percentage points) on $\Delta G$, the percent change in nominal government purchases. The latter is the policy instrument, because it is the one thing over which the government has discretion. Reasonably, they exclude public transfers, which are endogenous to the state of the economy. The data come from a century of annual observations, condensed into ten sub-periods of varying length. Two of these are the world wars, which they exclude as exceptional. With eight peacetime data points, and the data transformed into annual averages, they find:

$$\Delta D = 1.8 - 0.6 \Delta G$$

$N = 8$ $R^2 = 0.98$
The negative slope coefficient is what, on their account, makes fiscal consolidation counterproductive. Correspondingly, the government can spend its way out of debt. In fact, the equation implies that the debt/GDP ratio will fall only when public spending growth exceeds 3 per cent per year.

How robust is this relationship? Two modifications suggest themselves. The editor (in RES Newsletter no. 150) and Booth and Shackleton (2011) proposed going to the annual data and allowing for lagged causation. Chick and Pettifor (2011b,c) have defended the use of data averaged over multi-year periods, based on the need to allow for ‘lags of uncertain length.’ But if the lags are uncertain, perhaps we should try to pin them down. As for the loss of information involved, they say: ‘There is nothing in principle wrong with taking averages. From the statistical point of view you lose degrees of freedom but reduce random variation in the data.’ But this presupposes that only noise is lost; if part of the signal is lost as well, then averaging is not recommended.

Another modification is suggested by both data and concepts. Observationally, Figure 1 illustrates how the public debt has moved systematically up and down over long periods. The positive intercept in Equation 1 suggests that the debt ratio drifted upwards across the twentieth century by 1.8 percentage points a year, even when public spending remained unchanged. As for official forecasts, they expect the Osborne budget cuts at first only to slow the growth of the public debt; not until 2014 will it start to fall relative to GDP. In short, debt has momentum.

What is the source of this momentum? In accounting terms, the debt is a stock and government purchases are an inflow. As a result, spending changes affect the second difference of the debt, not the first (as Equation 1 assumes). Intuitively, debt may continue to accumulate even if spending is cut, and will stop growing only when the deficit is completely eliminated.

I reexamine the issue using the data that Chick and Pettifor supply. I copy their approach in the important respect that I look for a link from nominal government purchases to real terms using the GDP deflator that Chick and Pettifor provide. The estimated relationship was virtually unchanged. Second, returning to nominal spending, the relationship suggested by Figure 2 has prominent outliers: 1916 and 1941 can be seen on the far right, and 1920, 1921, and 1947 on the left. I dropped these years; the intercept remained close to zero, and the slope coefficient remained positive, slightly larger, and still highly significant. Third, I allowed for ‘uncertain lags’ by adding the change in public spending in the current year and two more lags on the right hand side. Only the coefficient on public spending in the previous year was significant, and its sign, size, and significance were nearly unchanged. Fourth, I estimated an equation with the first difference of the debt ratio as the dependent variable, adding an AR(1) term to the right hand side with the change in public spending in the previous year. The coefficient on public spending remained of similar size and significance to that of Equation 2.

This reverses the Chick-Pettifor result reported in Equation 1. The slope coefficient is positive and highly significant; the constant term is small and only just different from zero. The momentum of the debt is all-important. Government purchases do not control the change in the debt, which is largely inherited, but they do control its acceleration. On average over the past century, a ten percent increase in government purchases has speeded up the accumulation of the debt in the following year by 1.5 per cent of GDP.

I estimated four other variants on Equation 2 (data and full results are available at http://go.warwick.ac.uk /markharrison/data/publicdebt/). First, I converted nominal government purchases to real terms using the GDP deflator that Chick and Pettifor provide. The estimated relationship was virtually unchanged. Second, returning to nominal spending, the relationship suggested by Figure 2 has prominent outliers: 1916 and 1941 can be seen on the far right, and 1920, 1921, and 1947 on the left. I dropped these years; the intercept remained close to zero, and the slope coefficient remained positive, slightly larger, and still highly significant. Third, I allowed for ‘uncertain lags’ by adding the change in public spending in the current year and two more lags on the right hand side. Only the coefficient on public spending in the previous year was significant, and its sign, size, and significance were nearly unchanged. Fourth, I estimated an equation with the first difference of the debt ratio as the dependent variable, adding an AR(1) term to the right hand side with the change in public spending in the previous year. The coefficient on public spending remained of similar size and significance to that of Equation 2.

I’d never claim that this is the best that can be done; many variables are omitted, for example. I do claim that the interpretation that Chick and Pettifor have proposed is not robust. The same data tell a different story when exploited more fully and with a little more structure. It remains true that, once the public debt is set on a particular course, it is hard to change that course quickly. But this is only moment-
turn that takes time to reverse; there is no evidence of destabilizing pushback from Keynesian multipliers.

Conclusion

To sum up: I have taken aim at two common beliefs about the British public finances. One is that we should borrow our way out of recession; the other is that we can spend our way of debt. These beliefs are based on intriguing stories. But, like many good stories, they are fictions. Our country cannot spend its way out of debt. In today’s world, we can afford to borrow much less than in the past, and that may be just as well.

References


Appendix

Table A-1 gives full details of results reported in the text

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Notes. ΔD is the first difference and ΔD2 is the second difference of the public debt/GDP ratio, in percentage points of GDP, in the current year. ΔG is the percent change in government purchases in the current year (nominal in columns 1 and 3 to 5, real in column 2); ‘(-1)’ refers to one before the current year and so on.

(1) This regression is reported in the text as Equation 2.

(2) As column 1, but government purchases are in real terms, based on the GDP deflator listed in Table A-2.

(3) As column 1, dropping years when extreme values of the dependent variable were reported (1915, 1919, 1920, 1940, and 1946).

(4) As column 1, with additional lagged values of the dependent variable.

(5) This regression uses the first difference of the debt ratio as the dependent variable and its one-year lagged value as an additional independent variable.

Table A-2. Data and variables, 1909 to 2009

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<td>Public debt, % of GDP</td>
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<tr>
<td>RG</td>
<td>Government expenditure on goods and services in real terms, £m and 2001 prices</td>
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Annual Conference of the Money, Macro and Finance Research Group

The 43rd Annual Conference of the MMFRG was held on 15-17 September at Birmingham Business School. This Report was compiled by the Group’s President, Peter Smith.1

Once again, MMF members enjoyed another Annual Conference thanks to the outstanding organisational efforts of Andy Mullineux and his colleagues at Birmingham Business School. The Conference this year was concerned with many of the pressing issues of the day, including the efficacy of fiscal policy, developments in the regulation of banking and the challenges to macroeconomics.

Fiscal policy, multipliers and output

Two guest lectures at the conference by Fabio Canova (Pompeu Fabra) and Giancarlo Corsetti (Cambridge) concerned the impact of fiscal policy on output. Fabio Canova focused on whether the conditions required in theory for fiscal expansions to be effective are supported in the data. In his work this is evaluated by employing a structural VAR to impose the predictions from theory. Canova discussed evidence for the US, the Euro Area (EA) and the UK and showed that the evidence for the size of the fiscal multiplier for the three areas differs mainly due to the increased openness of the UK compared with the US and EA and not due to the greater size of the government sector or slower speed of adjustment of real wages in the EA. The unrestricted fiscal multipliers estimated for each area are generally greater than one for the US and EA and below one for the UK. Applying the identifying restrictions provided by sticky-price New Keynesian models, these multipliers are estimated to be much larger, above 3 and 4 for the EA and US and above 2 for the UK. Discussion at the conference focused on the likely impact of the recent large fiscal expansions. Giancarlo Corsetti picked up the same theme of the size of the fiscal multiplier in a very different modelling context, namely the impact of cuts in local infrastructure spending in Italian provinces that result from city council dismissal by national authorities as a consequence of mafia activity. Corsetti proposed evaluating the impact of these particular government spending shocks on local area activity as an identified fiscal shock. The multiplier that is estimated from the empirical analysis of 45 local areas in Italy by Corsetti and his co-authors is between 1.2 and 1.4. Whilst these figures are lower than those estimated by Canova, they exceed the smaller figures found in other recent research. Lively discussion of these alternative approaches served to point up their interest to researchers and importance to policy makers.

Financial regulation

Michael Foot (Promontory Financial Group) drew on his experience, including his time as a previous executive director of the Bank of England, to discuss the role of macro-prudential regulation in reducing financial instability. He pointed out that whilst macro-prudential policy isn’t really a particularly new idea, there is still little firm evidence as to how it will be operated in practice. In terms of the new arrangements in the UK, Michael Foot asked how quickly the UK government would establish the rules that the new Financial Policy Committee had to work with. He argued for radical change in the ways in which banking supervision is carried out, particularly in terms of the independence of decision-making that the regulator allows them. Earlier Richhild Moessner (Bank for International Settlements) had drawn parallels between the recent banking crisis and that of the Great Depression. She pointed out that the timing of the various parts of the crises differed significantly and that the increased response from the authorities to the recent crisis had moderated the likely impact significantly.

Credit markets and the real economy

John Muellbauer (Oxford) took up the huge theme of real economy and financial sector interactions (and their change over time) For example, he showed that the impact of housing wealth on consumption in the USA has grown with mortgage market liberalisation: at the peak of the housing boom, a $100 rise in housing wealth led to $3.5 increase in spending. The implications of a slump in housing prices was obvious, though Muellbauer thought the bottom may be near, at least in the USA. Financial liberalisation and the reduction in the non-pecuniary cost of credit has also increased household gearing, again with implications for instability. He went on to show how the Friedman-Ando-Modigliano model of the consumption function could be improved by the addition of a credit channel which recognised differences in the ‘credit architecture’ of an economy. This involved quantifying changes in the structure of credit markets by the construction of a ‘housing liquidity index’ and ‘consumer credit index’. It is differences in the structure of credit markets that allows us to explain why a house price rise may sometimes, as in Italy, lead to a fall in consumption (as future first time buyers and renters save more for a deposit (or higher future rents), while homeowners have limited access to home equity loans). By contrast, countries with ‘deep’ mortgage markets and readily available credit find the opposite (because a lower ratio of down-payments to future value applies so first-time buyers have to save little while higher collateral values boost spending as the result of equity withdrawal.

continued on p.18....
As the broad principles for the forthcoming REF are translated into more concrete procedures, Tim Worrall, Secretary to CHUDE, reports on a recent consultation meeting with REF representatives held at University College London on 19 September.

The Conference of Heads of University Departments of Economics (CHUDE) held a special meeting at UCL on 19th September to discuss its response to the higher education funding councils’ consultation on the draft panel and working methods for its next research assessment exercise, REF2014. Details of the draft criteria and working methods are contained in two main documents, the Assessment framework and guidance on submissions (REF 02 2011) and the Consultation on draft panel criteria and working methods (REF 03 2011). In addition there are more detailed draft statements for each of the four main panels (REF 03A-D 2011). All the documents can be found at www.ref.ac.uk. They are not such an easy read. REF 02 2011 has 232 paragraphs and ten annexes.

The special CHUDE meeting was attended by Peter Neary (sub-panel chair of UoA 18 Economics and Econometrics) and Mike Pidd (sub-panel chair of UoA 19 Business and Management Studies). Graeme Rosenberg, the REF Manager at HEFCE, also attended for the first half hour of the meeting. About 40 different institutions also sent representatives to the meeting.

Graeme Rosenberg initially addressed the meeting about paragraphs 112 and 113 of REF 02 2011. The funding councils’ had added these two paragraphs to the guidance at a late stage in the process and, unlike most parts of the guidance, without prior consultation with sub-panel chairs. The paragraphs deal with the contentious issue of the timing of publications and the implications for the assessment of working papers or work that was brought into the public domain in a previous assessment period. Graeme explained that the paragraphs were included because of the funding councils’ wish to assess only research outputs that have been made public within the given assessment period. There was a good discussion of these issues. After Graeme had to leave to attend another meeting, Peter and Mike answered further questions about these issues and about other aspects of the REF criteria.

The three main issues that were discussed at the meeting all relate to variations in the rules on submitted outputs compared to the previous research assessment exercise. These new criteria may have important implications for the economics discipline in the UK.

The timing of publications

The first issue was the timing of publications. In past research assessment exercises primacy has been given to the publication date of the printed version of an article. The rules for REF2014 give primacy to the first date that an output is published in full, which may be in an “online first” edition of a journal. This change potentially creates problems for outputs not assessed at the previous RAE because the print version was not available but which are no longer eligible for submission at REF2014 because the online edition was available before the start of 2008. CHUDE in its response will argue that giving primacy to the “online first” date for assessment purposes is a sensible change to make given changes in practices in journal publication that are still happening, but that it should not be introduced retrospectively as it will mean that some high quality research would then not be eligible for assessment at either the previous or current assessment exercises.

Assessment of working papers

The second issue discussed was the assessment of working papers. The REF rules are explicit on two points. First the panels are not allowed to use journal rankings as a basis for judging the quality of submissions and second that all forms of output of research activity including working papers are eligible for submission. Since the funding councils wish to measure research activity within a given period, a rule has been introduced about content published prior to 1 January 2008. In the draft criteria, panels are to use the general principle that when an output has been published prior to 1 January 2008, for example as a working paper, institutions should provide details of how the earlier work has been revised and the panel will assess only the new or distinct content of the output. This has caused a great deal of consternation. There are practical issues about the increased requirement this will impose on institutions and panels in verifying and assessing changes from previous versions. It is also likely to lead to the perverse incentive for researchers not to disseminate their work at an early stage. This potential for distortion to research activity runs counter to one of the key principles of the REF that in aiming to assess all types of research it should not distort the activity that it
measures or encourage or discourage any particular type of research activity. The consultation explicitly requests feedback from respondents to help develop clearer guidance on the assessment of work which may be considered as exceptions to the general principle outlined above. It was noted that journal publication in economics takes at least two years from manuscript to print and often considerably longer. Thus working papers are used to communicate the latest research and encourage interaction and comment while journal articles remain the version of record for scholarly output and the basis for the assessment of an individual’s research activity. Since the use of working papers is such widespread practice across the discipline it is an activity to be encouraged not discouraged. With the proviso that the same work should not be submitted twice to different research assessment exercises, it was felt that submitted outputs that had been published previously but not in full, for example as a working paper, should be assessed in full: working paper versions are part of the development process and should not subtract from the final published output. Otherwise there might be potential harmful effects on the UK profession. It was also the feeling of the meeting that, given the long publication lags in economics and as in past exercises, early career researchers should be able to submit working papers as evidence of their research activity.

**Joint authorship**

The third main issue discussed was that of joint authorship and double weighting of outputs. Again this is a point of difference from previous assessment exercises. In the past co-authors could submit papers to the same UoA if they belonged to different institutions or the same article to different UoAs if they belonged to the same institution. What was not allowed was for two co-authors from the same institution to submit the same output to the same UoA. The rationale was probably based on the possibility of spuriously adding co-authors to outputs to increase the volume indicator. However, the draft REF criteria allow for the possibility of joint co-authors from the same institution submitting a paper under the names of two of the co-authors (two is the expected maximum). Institutions have to make a case for doing so and the panel might reject the case being made. In addition there is some risk involved, as if the panel reject the case, the “missing output” is treated as unclassified and no reserve item is allowed. The meeting felt very much that the recognition of co-authorship within a department was a good thing and a positive change in the rules. However, it was felt that main panel C should provide much clearer guidance of when a case may be accepted or rejected and should consider whether a reserve should be allowed. This would help avoid the downside risk of making a case for submitting a jointly authored piece twice and would more genuinely recognise co-authorship within a department. A similar issue arises with double weighting of outputs. Submitting units may make a case for an output to be double weighted but no reserve is allowed if the case is rejected. It was noted that main panel D would allow a reserve item to be submitted in where a case was made for double weighting of a submitted output. Again it was felt that main panel C should clarify the circumstances in which cases for double weighting would be accepted or rejected and consider allowing a reserve. It was felt unlikely that submitting units would abuse the possibility by asking for many items to be double weighted.

Responses to the consultation have to be made by 5th October 2011. On the basis of comments made at the meeting, the CHUDE steering committee will draft a response to the consultation that will be circulated to CHUDE members for comments, before final revision and submission to HEFCE. The funding councils will publish the finalised criteria and working methods in early 2012.

Notes:

1. ‘CHUDE’ is the Conference of Heads of University Departments of Economics. It is a sub-committee of the RES and its activities are regularly reported on the Society website and sometimes in these pages.

2. It may be noted that Simon Heffer’s book, *Strictly English*, quotes extracts from a previous REF publication as one of three sinners of bad English. He writes ‘The reader is saturated with abstracts. There is a torrent of jargon … It is repetitious. When it seeks to explain … it merely introduces more jargon … that serves only to deepen the confusion.’

3. See, for example, the JSTOR commissioned report on ‘Scholarly Communications in the Economics Discipline’ by Michael Dawson and Matthew Rascoff, 2008

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**MMFRG Annual Conference**

In challenging a number of key assumptions in standard macroeconomic models, Jean-Bernard Chatelain (Paris 1) developed the topic of the future of financial macroeconomics from the debate held at last year’s MMF conference that is reported in the recently published edition of the Manchester School (see http://onlinelibrary.wiley.com/doi/10.1111/manc.2011.79.issue-s2/issuetoc). He identified five issues of standard model specification which have been seen to be violated as a result of the recent financial crisis including the assumption of no systemic default, the use of the efficient market hypothesis, the application of the no Ponzi game condition, the use of unique stable path dynamics and the unconstrained Euler consumption growth equation. He outlined what new theoretical and empirical developments would need to include to overcome these failings.

Note:

1. With a small addition from the editor.
With the onset of the current financial crisis, a number of possible proposed solutions have been advanced to prevent or minimize the severity of future financial crises. Most economists would probably agree that better regulation and supervision, and more transparency of financial institutions (both bank and non-bank) are needed.

Proposals

Delayed response

Proposed solutions have ranged from draconian measures to doing nothing until the financial crisis has actually occurred. For example, ‘…the writings and speeches of Alan Greenspan and Ben Bernanke, who along with a handful of other economists have argued that central banks cannot do much to control bubbles: they can only clean up in the aftermath’ (Roubini and Mihm, 2010, p. 234). Since a financial crisis does not occur overnight but has warning signs, then doing nothing until after the crisis happens is not an option. Allowing a problem to build-up and then trying to repair it can be an action that is too little, too late.

A more radical approach

On the other hand, Roubini and Mihm (2010, p. 226) propose a radical approach in dealing with big business and the financial crisis. They state that ‘…not only are such firms too big to fail; they’re too big to exist, and too complex to be managed properly. Frankly, they shouldn’t exist — at the very least, they should be pushed to break themselves up.’ But this approach would seem to be undermining private property rights since a constraint would now be placed on the expansion of private property. In other words, the government would be putting a limit on the amount of ownership allowed. ‘If the government threatens or weakens private property rights, it discourages market activity, especially private investment’ (Smiley, 2002, p. 129).

Such a situation leads to an erosion of business confidence. If we look back at the Great Depression, we find that ‘Business perceived the Roosevelt administration as anti-business and expected government control of business to accelerate. Polls showed that the overwhelming majority of business leaders believed that a sharp reduction in business confidence had retarded the recovery’ (Smiley, 2002, p. 131).

Some problems

The proposal to break up big business raises other serious issues:

1. When is ‘big’ ‘too big’ and who actually decides this?
2. What types of criteria are to be used in deciding what is big?
3. When the ‘big’ firms are broken-up into smaller firms, then how many regulatory bodies are required to regulate and supervise these many smaller institutions effectively?
4. Within these smaller firms, will not some larger ones eventually emerge? If so, will a new set of criteria need to be developed to deal with these new ‘big’ firms? In other words, where do we draw the line?
5. How will the efficiencies of economies of scale be affected?

Big is not necessarily bad

The argument by Roubini and Mihm that ‘too big’ should not exist had a precedent in similar attitudes during the Great Depression. As Powell (2003, p. 58) points out: ‘The forced separation of commercial banking and investment banking emerged from the “progressive” era campaign against big business…Anything big was considered suspect, if not bad…This “progressive” passion for small banks defied the reality of the Great Depression…small-town banks accounted for about 90 percent of the bank failures.’ In addition, ‘Other recent investigations have found that investors fared better with securities issued by big banks that both served depositors and engaged in securities underwriting’ (Powell, 2003, p. 63).

Breaking up large banks into smaller ones could actually be more harmful to the economy. As an example, since the smaller banks will be competing for customers, then each will try to outdo the other which can lead to risky innovative practices. Therefore, the breaking up of the larger banks would not resolve the same types of issues that have occurred in the current financial crisis.

Another factor to consider is ‘bank runs’. In the event economic conditions begin to deteriorate customers...
would more likely start to withdraw their deposits from smaller banks than larger ones since depositors would have less confidence in the solvency of the smaller banks. Some may argue that the smaller banks would not have enough impact upon the economy to be overly concerned. However, according to some of the models used in behavioral economics and finance ‘...a small deviant group can have substantial market-wide effects...’ (Porter, 2009, p. 38).

On the other hand, large financial institutions provide economies of scale which, in turn, can promote economic growth. For example:

The emergence of the ‘managerial enterprise’ was accompanied with demand for new types of financial services. Dutch banks, due to their small scale, could not satisfy such needs, or could do so only with great difficulty. This was ultimately seen as a problem, and in response steps were taken toward increasing their scale. This began in 1911 with a merger between two large banks... which signaled a modest beginning of a process of consolidation that would continue to the end of the twentieth century... (Van Zanden & Van Riel, 2009, p. 310)

**Was size the culprit?**

There is no real solid evidence to support the claim that large size itself is a factor in financial distress. The current financial crisis is essentially the result of abuses and a lack of proper control, regulation and supervision. Even if we examine The Great Depression, we find that

The largest banks, most of which had national charters, were members of the Federal Reserve System, and...27.5 percent of the member banks failed. Much more numerous were the small independent banks that had state charters and were not members of the Federal Reserve. These banks dominated banking in the rural areas, small towns, cities, and suburbs of the largest cities...Between 1929 and 1933 more than 45 percent of all small non-member banks failed (Smiley, 2002, p. 29).

Another concern of maintaining large banks is the criticism that during the current financial crisis they were bailed out. However, an alternative to bailing out these problem banks ‘...is that the government could have temporarily taken over and controlled the operation of the troubled banks. This is what the government, through the Federal Deposit Insurance Corporation..., has done various times with small banks that have become insolvent’ (MacEwan & Miller, 2011, p. 168). The key here is to temporarily take over the troubled banks until a proper solution to the problem can be reached. For example, one possible solution would be to reorganize the insolvent banks.

**Different kinds of ‘bigness’ considered**

Is there a situation when bigness should not be allowed to occur? For example, one may argue against ‘bigness’ by contending that big firms eliminate competition, or at least try to, which is a legitimate concern. Therefore, if this argument is accepted, the questions may be asked: ‘What, then, is the difference between breaking up big firms and preventing firms from expanding to a big size by invoking anti-trust laws? Are not both actions accomplishing the same objectives?’

However, it is important to make a distinction between preventing a financial institution from growing to such a large size that it endangers competition and dismantling existing big firms simply because they are big. In the former case the larger firms violate the property rights of the smaller ones’ rights to establish themselves as competitors. This type of activity can be controlled by anti-trust regulations (a priori). On the other hand, in the latter case (the dismantling of larger firms) the property rights of the big firms are being weakened by breaking up the already established firms. In other words, in this particular case action is taken after the fact (a posteriori) simply because they are big. In this type of situation businesses begin to lose confidence because they are never sure of what to expect and when.

Furthermore, where banks are concerned, it is not size as such that poses problems. It is ‘systemic importance’ that is critical. Other things being equal, such importance may increase with size, but they are not the same thing. ‘Too big to fail’ is a handy phrase but strictly speaking it is code for ‘too systemically critical’. The recent UK Independent Commission on Banking, chaired by former RES President Sir John Vickers, recognised this but the distinction has generally been lost (or misunderstood) in reports of the ICB’s findings.

**Conclusion**

I think what we can conclude from this is that size in itself is not necessarily bad. In fact, size seems to be a product of the environment leading to economies of scale. For example, operating in a global economy promotes a natural tendency towards growth. It is true that large institutions do have a major impact on the financial system, but is breaking them up a good solution?

It should be remembered that the fewer big firms can improve the economy easier and faster than the many smaller ones. On the other hand, once these big firms are dismantled, when the economy needs to be stimulated, these firms will not be available. Is this a risk we are willing to take?

What is more appropriate is having good control measures in place. In other words, what is needed is having better regulations, supervision and transparency that will promote economic growth and curtail abuses.
Note:
1. Van Zanden and van Riel are quoting from W M Westerman, ‘De concentratie in het bankwezen, een bijdrage tot de kennis der economische ontwikkeling van onze tijd’, a dissertation submitted to the University of Leiden in 1915. Westerman (1892-1950) was an eminent banker, administrator and public figure in the interwar period working in both the Netherlands and the USA.

References:


Correspondence

The Gender Composition of Editorial Boards

Dear Editor,

Issue 153(April 2011) included an update on the ‘Gender Composition of Editorial Boards’. I do not have the previous reports which might provide me with information on the selection criteria for the journals chosen in 1998. But I am left wondering what these might have been. We are told that the 25 journals had at least one editor based in the UK. However there are other such journals not included in the listing. Was there a random selection of relevant journals in 1998 and, if not, do the results have statistical significance? Is there a selection bias? And, importantly, to what extent should one take into account newly established journals which are less likely to display inertia in their board composition.

Yours faithfully,

David Starkie

Karen Mumford, Chair of the Society’s Committee on Women in the Economics Profession, replies —

The earlier articles (and all the other women’s committee publications) can be found on the RES webpage, here:

http://www.res.org.uk/society/women2.asp#Publications

With respect to the specific question — I do not believe the 25 journals were selected randomly, rather they were probably the outcome of brainstorming amongst the then committee members given the constraint of one UK member on the boards (although, perhaps they are ex post random amongst that group of journals, it is not obvious to me that the committee would have chosen a biased sample). Nevertheless, this 25 have consistently been considered in the subsequent two time periods.

The claim in the article is not what the current representation on women on editorial boards of economics journals is — rather what has happened on these journals relative to changes in the relative stock of men and women in senior positions in the UK. It is not a highbrow question in any sense. Nevertheless, I cannot see any reason why these journals have not changed the gender balance of their editorial boards in line with demographic changes in the profession.

Prof Karen Mumford,
University of York
2nd Winter School on Bayesian Methods for Empirical Macroeconomics

14-16 of December, 2011
Queen Mary University of London
led by Prof. Gary Koop,

The course will describe techniques on Bayesian time series econometrics, starting from basic Bayesian econometrics and dealing also with the estimation of VARs, linearised DSGE models, stochastic volatility and time-varying parameter-VARs. It will provide insight into the methods used, and will be an opportunity for learning how to estimate these models using Matlab.

Similar versions of this course were recently given by Prof. Koop at the Bundesbank, the Bank of England, the Czech National Bank and the Polish Ministry of Finance as well as Queen Mary University of London. During this last event we received many requests for a future session from colleagues who were unable to attend due to space restrictions, and have therefore decided to host this Winter School.

Gary Koop is a Professor of Economics at the University of Strathclyde and a world leader in Bayesian econometrics. With this approach, he has published numerous articles in journals such as the *Journal of Econometrics*, the *Journal of Applied Econometrics* and the *Journal of Business and Economic Statistics*. He is an associate editor for several journals and is currently co-editing (with John Geweke and Herman van Dijk) the soon-to-be-released *Handbook of Bayesian Econometrics*.

Application forms and further information about the course are available at:
http://hosted.busman.qmul.ac.uk/cgr/Summer%20Schools/44157.html

To apply please send an application form to:
cgr@qmul.ac.uk

Houblon-Norman/George Fellowships at the Bank of England

Applications are invited for Houblon-Norman/George Research Fellowships tenable at the Bank of England during the academic year 2012/2013. Appointments will be for full-time research on an economic or financial topic of the candidate’s choice, preferably one that could be studied with particular advantage at the Bank of England. The length of any appointment will be by agreement with successful applicants, but will not normally be less than one month, nor longer than one year.

Senior Fellowships will be awarded to distinguished research workers who have established a reputation in their field.

Fellowships will also be available for younger post-doctoral or equivalent applicants, and for these, preference will be shown to British and other EU Nationals. The award will normally be related to academic salary scales.

Application forms (to be returned no later than 27 November 2011) and details are available from:
http://www.bankofengland.co.uk/research/houblon-norman/index.htm

or by emailing the Houblon-Norman/George Fund account: MA-HNGFund@bankofengland.co.uk

Postal applications should be addressed to the Secretary to the Houblon-Norman/George Fund, Bank of England, Threadneedle Street, London EC2R 8AH.
Erratum

In the July issue (no. 154) we reported on the award of the Economic Journal Referee Prize. Unfortunately, we omitted the names of the prizewinners. The full report should have read:

Economic Journal Referee Prize

The Economic Journal depends greatly on the service of many referees for the functioning of the peer review process. Following feedback from many of these referees, and guided by findings in the research literature we have decided to discontinue payments to referees. We would like to thank all of our many referees who continue to provide their services without compensation.

While many referees help us tremendously with their comments, some of our referees contribute beyond the call of duty through their thoroughness and constructive feedback to the authors. This service in the profession rarely gets acknowledged. The Economic Journal is therefore recognising the contribution of these exceptional referees with an annual referee prize starting from 2010.

winners for 2010

Vasco Carvalho, CREi, Universitat Pompeu Fabra
Andrew Clark, Paris School of Economics
Emilia Del Bono, University of Essex
Peter Neary, University of Oxford
Karen Norberg, Washington University in St. Louis
James Reade, University of Birmingham
Bent Sorensen, University of Houston
Martin Weale, National Institute of Economic and Social Research
Lucy White, Harvard Business School

We apologise to all for this omission.

Election to the RES Council

Society members are reminded of their right to propose names to be considered for election to the RES Council each year.

The formal procedure is that the Nominating Committee, which meets early in February, considers all such names and puts forward to Council a list for approval. This is then the subject of a ballot of all members of the Society in the autumn. The successful candidates join Council after formal adoption at the following AGM.

Any member of the Society who would like to make a nomination may contact the Secretary General at royaleconsoc@st-andrews.ac.uk or by post to the offices of the Secretary General, School of Economics & Finance, University of St Andrews, St Andrews, Fife, KY16 9AL. In addition to the name(s), there should be either a brief CV or a link to one. We need to receive any nominations by 31st January at the latest.

RES news items

Forthcoming RES events

The RES Annual Public Lecture 2011

This year’s RES Public Lecture will be given by Robert Chote, Chair of the Office of Budget Responsibility talking on Britain’s Public Finances; past, present and future and will take place at 5pm on 14th December at the Bloomsbury Theatre, UCL, London and again on 15th December at the University of Birmingham.

Entry is by free numbered ticket only and priority goes to school groups until 5 October. For more information and to apply for tickets please use the RES website www.res.org.uk or contact the Administrator, Amanda Wilman at royaleconsoc@st-andrews.ac.uk.

PhD Presentation Meeting and Job Market

The 7th RES PhD Meeting 2012 will be held on the weekend of 21/22 January at the School of Economics and Finance, Queen Mary University of London, Mile End Campus, London E1 4NS.

The aim of the event is to provide a service both for UK and European university economics departments who wish to recruit lecturers, and for post-doctoral students seeking academic jobs in the UK or elsewhere in Europe. This annual meeting has grown to be an extremely successful event, well supported by both students and potential employers. The event consists of two days of students’ presentations and poster sessions. Participating institutions attend these presentations and are also allocated a table at the conference site in order to arrange individual appointments with participating students during the course of the conference.

Submissions are now being accepted through Conference Maker with a deadline for submission of research papers of November 14, 2011.

For further information please go to the RES website or contact Elizabeth Price on e.a.price@qmul.ac.uk

In the July issue (no. 154) we reported on the award of the Economic Journal Referee Prize. Unfortunately, we omitted the names of the prizewinners. The full report should have read:
Support for small academic expenses

The Society is able to offer financial support to members who require small sums for unexpected expenditures. The type of expenditures which could qualify for support under this scheme include travel expenses in connection with independent research work, the purchase of a piece of software, expenses for a speaker at a conference being organised by the applicant’s University or Institute, etc.

Please note that the awards under the grant schemes are highly competitive, and selection will be based on the following criteria. Preference will be given:

• for initiatives which are for the benefit of new entrants to the profession;

• to initiatives which cannot ordinarily be funded from other sources, such as existing research grants.

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

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

2012 Royal Economic Society Easter Training School

The twenty-second Easter School organised by the Royal Economic Society, with financial support from the Economic and Social Research Council, will be held at The University of Birmingham from 15th to 19th April 2012. The purpose is to enable participants to become acquainted with the latest developments in the selected fields of economics, to have the opportunity for study and discussion with an internationally renowned expert in the topics covered, and to meet other young researchers.

The subject of the school will be The Economics and Econometrics of Forecasting.

The lecturers will be:

Sir David Hendry (University of Oxford) and Professor James Stock (Harvard University)

Places are available for 25 resident participants. Accommodation and meals will be provided for the duration of the course. Nominations must be made through the applicant’s Head of Department and should be supported by a short CV, a reference, and a note on the applicant’s research interests. Applications should be submitted no later than Friday 6th January 2012 by post to the Royal Economic Society Easter School Secretary, Department of Economics, The University of Birmingham, Edgbaston, Birmingham, B15 2TT or by email: easterschool@contacts.bham.ac.uk. Successful applicants will be informed in February 2012.

2011 Junior Fellowship Scheme

Award Winners

The Society would like to thank all those who entered this year's RES Junior Fellowship Scheme and offer its congratulations to the following candidates who have accepted a Junior Fellowship for the period 2011-2012. The total being provided for this year was £76,000.

Michael Amior, University College London
Kara Contreary, London School of Economics
David Deller, University of Essex
Paolo Falco, University of Oxford
Christopher Parsons, University of Nottingham
Marieke Schnabel, University College London
Sami Stouli, University College London
Mauro Testaverde, University of Southampton.

Economic Journal - past copies

Iain McKilligan has hard copies of the Economic Journal for the period from January 1993 to June 2002, that he wishes to dispose of. There are 52 issues from No.416 to No 480 (some missing). They are free to a good home but collection/delivery will need to be negotiated.

Further information: iain.mckilligan@gmail.com
Conference Diary

2011

November

November 3-4 Amsterdam, Netherlands
14th Annual Research Conference Complex Systems: Towards a Better Understanding of Financial Stability and Crises. The Nederlandsche Bank (DNB) has organised an Annual Research Conference with the aim to bring together researchers and policymakers to deepen understanding of macroeconomic and financial systems by using methods for complex systems to identify more efficient approaches for financial authorities and central banks to pursue their macroeconomic and financial stability goals.

Further information from:
http://www.dnb.nl/en/onderzoek-2/test-conferences/annual-research-conferences/index.jsp

November 17-18 London, UK
Bank of England/Economic Journal Conference on QE
In association with The Economic Journal, the Bank of England is organising a conference in London on 17 and 18 Nov 2011 which will bring together researchers from both the international academic and policy communities to discuss what has been learned about Quantitative Easing (QE) and other unconventional monetary policies during the financial crisis.

Further information from:
www.bankofengland.co.uk/publications/events/QEConference

November 17-18 Budapest, Hungary
Economic and Political Transformation in Central and Eastern Europe - 20 years after. Organised by Corvinus University, Budapest, the goal of this conference is to assess and compare the results of the process of economic and political transition in the Central and Eastern European region twenty years after it had taken place.

Deadline for paper submission and delegate registration: Oct 31, 2011

Further information from:
http://economics.uni-corvinus.hu

Conference grant fund

The Society’s Conference Grant Fund is available to members who are presenting a paper, or acting as a principal discussant at a conference; support of up to £500 is available. Awards are made three times a year.

The closing dates for applications are 31 January, 31 May, and 30 September each year in respect of conferences which take place in the ensuing four months.

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

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

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

Application forms and further particulars may be obtained from either:
www.res.org.uk/society/grants_fellowships.asp
or Professor Anton Muscatelli, Principal and Vice Chancellor, University of Glasgow, University Avenue, Glasgow, G12 8QQ. E-mail: k.gray@admin.gla.ac.uk

Special Project Grant Funding

The Society has introduced a further funding stream for financial assistance on a one-off basis for the support of activities that further the understanding and use of economics. Examples might include seminars, workshops and mini-conferences, events to disseminate research and policy findings, and activities that support teaching and learning in the subject.

The Society will not normally consider requests that exceed £5K and would in any case expect to see evidence of significant co-funding. Successful applicants would be required to submit a report on and a set of accounts covering the event within two months of its date.

Applications will be considered three times a year by January 20, May 20 and September 20 with decisions to be made within 28 days where possible. Applications should be made to The Administrator, Royal Economic Society, School of Economics and Finance, University of St. Andrews, St. Andrews, Fife, KY16 9AL, UK, or by email to royaleconsoc@st-andrews.ac.uk.
January 15-18  La Thuile, Italy

Alp-Pop 2012 Population Conference. Alp-Pop promotes the meeting of scholars who are interested in population issues across several disciplines, including (but not limited to) demography, economics and sociology. The conference does not specialize on a given topic or geographical area but it emphasizes empirical rigor and innovation, as well as the ability to meet the challenges of interdisciplinary audiences. Deadline for paper submissions: October 25, 2011. Deadline for participant registration: November 10, 2011

Further information from: www.dondena.unibocconi.it/

January 26-27  Santiago de Compostela, Spain


Further information from: www.usc.es/congresos/xix-eep/en/Presentacion.htm

January 28  Philadelphia, USA

5th Annual Conference on the Political Economy of International Organizations at Villanova University, Philadelphia, USA. The conference brings together economists and political scientists to address political-economy issues related to international organizations such as the World Trade Organization, the United Nations, the International Monetary Fund, the World Bank, and the European Union, and also other international organizations that have received less attention in the academic literature.

Further information from: the Conference Website www.peio.me/

April

April  Budapest, Hungary

The Subprime Crisis and Its Impact on The Financial and Managerial Environments: An Unequal
Repercussion At the European Level. A conference at the Central European University Business School, Budapest in conjunction with ESCEM Tours-Poitiers, France. Paper submissions deadline: **December 31 2011**

*Further information from:* shastings@escem.fr

**April 12 2012**

**Münster, Germany**

**Financial Markets and Financial Regulation: Sources of Instability or Growth?** This is a workshop interested in analyses that deal with the period before World War II. The workshop is intended as a pre-conference meeting ahead of the 9-13 July 2012 Conference of the International Economic History Association, Stellenbosch, South Africa.

*More information from:* [www.wiwi.uni-muenster.de/me/workshops/index.html](http://www.wiwi.uni-muenster.de/me/workshops/index.html)

**May**

**May 23-25**

**Izmir, Turkey**

**Annual Conference on International Political Economy - Challenges to the Welfare State.** Gediz University, Florida International University and Leeds Metropolitan University invite paper and panel proposals for a joint multidisciplinary conference on International Political Economy entitled Challenges to the Welfare State. It seeks to provide a forum for scholars of political economy, politics and international relations. Deadline for paper submissions: **November 15, 2011**

*Further information from:* [http://ipeconference.gediz.edu.tr/](http://ipeconference.gediz.edu.tr/)

**June**

**June 7-8**

**Ljubljana, Slovenia**

**Reforming Finance: Balancing Domestic and International Agendas.** Topics to be considered for the workshop include but are not limited to: international cooperation versus coordination in monetary and/or fiscal policies; regulatory frameworks for banking and financial markets: Is more the merrier? the behaviour of financial markets before, during, and following financial crises; assessments of monetary and fiscal responses since the beginning of the crisis; We especially welcome empirical papers, but we will also consider theoretical work. One session will be devoted to presentations by PhD students.

**June 29 - July 3**

**San Francisco, USA**

The 87th Annual Western Economic Association International (WEAI) Conference. You can present a paper, organize a session, discuss a paper, chair a session or just attend. There will be over 1,000 economists from all around the world. Also, take advantage of the opportunity to publish your conference paper in one of our journals, *Contemporary Economic Policy* or *Economic Inquiry*. Paper submission deadline: **December 15, 2011**

*Further information from:* [http://weai.org/AnnualConf](http://weai.org/AnnualConf)

**July 2-4**

**Rio de Janeiro, Brazil**

**III World Finance Conference.** Keynote Speaker Professor Franklin Allen, University of Pennsylvania. Deadline for papers **12 December 2011**.


**July 16-18**

**Budapest, Hungary**

**SING8**, the 8th Spain, Italy, Netherlands Meeting on Game Theory organised jointly by the Institute of Economics, Hungarian Academy of Sciences and Corvinus University Budapest. SING8 is the 8th conference in the Spain-Italy-Netherlands series of meetings on Game Theory and the first organised in Hungary. While many of the participants come from the founding countries or other European countries, the conference is open to all and covers all areas and aspects of game theory.

Membership of the Royal Economic Society

Membership is open to anyone with an active interest in economic matters.

The benefits of membership include:

• Copies of the Economic Journal, the journal of the society, eight times a year.

The Economic Journal is one of the oldest and most distinguished of the economic journals and a key source for professional economists in higher education, business, government service and the financial sector. It represents unbeatable value for those who want to keep abreast of current thinking in economics. Issues are divided into those containing ‘Articles’ — the best new refereed work in the discipline — and ‘Features’ including symposia and regular features on data, policy and technology.

• On-line access to The Econometrics Journal, a new electronic journal published by the Royal Economic Society and Blackwell Publishers. The journal seeks particularly to encourage reporting of new developments in the context of important applied problems and to promote a focus for debate about alternative approaches.

• Copies of the Society’s Newsletter. This is published four times a year and offers an invaluable information service on conferences, visiting scholars, and other professional news as well as feature articles, letters and reports.

• The right to submit articles to the Economic Journal without payment of a submission fee.

• Discounts on registration fees for the Society’s annual conference.

• Discounted prices for copies (for personal use only) of scholarly publications.

• The opportunity to take advantage of the grants, bursaries and scholarships offered to members of the Society.

Details and application form are available from:
The Membership Secretary, Royal Economic Society, University of York, Heslington, York, YO10 5DD.

Membership rates for 2011 are £46 ($79, €71)*

There is a reduced rate of £23 ($40, €36) for members who reside in developing countries (with per capita incomes below US$500) and for retired members.

A special ‘on-line only’ offer of three years membership (2011-2013 incl.) for the price of $28/€19/£16 is available to full-time students.

* All customers in the UK should add 7.5 per cent VAT to these prices or provide a VAT registration number or evidence of entitlement to exemption. Canadian customers please add 5 per cent GST or provide evidence of exemption. For EU members, please add VAT at the appropriate rate.

If you would like to join the Society, complete the adjacent application form and return it to the Membership Secretary at the address above.

Please enter my name as an applicant for membership of the Royal Economic Society. I enclose a cheque for

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Name:

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