The conference issue

As usual, this year’s annual conference (at Warwick) took place just before the April Newsletter went to press and we were able to include only the Secretary-General’s Annual Report. In this issue we have a report on the conference as a whole — a heroic effort — from Rachana Shanbhogue of the Economist. In fact, we have more from the conference than usual. Rachana’s survey is followed by an interesting piece from Rain Newton-Smith of the CBI, giving the consumer’s view and making some useful observations on the way in which the conference, and the papers presented, have changed over the years.

Another contribution with its origins in the Warwick programme is a report of a session organised by the Institute for New Economic Thinking (INET) which focused on the way in which institutional features of the profession threaten to narrow the focus and methods of young economists hoping to rise through its ranks. For James Heckman, the threat came from the domination of five key journals in the evaluation of economists’ work. In the same session Giuseppe Fontana and Orsola Costantini pointed to the role of the Research Evaluation Framework (REF) in the UK and the worrying fact that a large majority of economics departments (or ‘units of assessment’) prefer not to have their work evaluated by the economics and econometrics panel. There are echoes here of an earlier debate in these pages (2011-13) over the nature of the economics curriculum.

Away from the conference, Michele Belot explores the real difficulty of dealing with ‘fake news’. This lies, she argues, not so much in false facts but more in the tendentious interpretations that go with them.

It’s good to have Michael Burda’s ‘Letter from Germany’ again. Not for the first time, it seems that Germany takes a rather jaundiced view of Italian monetary and fiscal proposals.
THE ROYAL ECONOMIC SOCIETY

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

The Society’s bee logo

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

The Society’s Newsletter

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

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

Newsletter - subscription rates

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

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

Next issue No. 187, October 2019
Deadline for submissions 16 September 2019

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AFTER RETURNING from the annual ECB Forum in Sintra, where Olivier Blanchard and other grandees pled for more fiscal space, I see that Germany’s newspapers and websites are abuzz about Mini-Bots. Not a new form of artificial intelligence, Mini-Bots are a proposal of some members of the current Italian government (Lega cum Movimento5Stelle, M5S for short) to issue small-denomination, short-term debt to meet payments, mainly for reducing arrears with small contractors (currently estimated at €50b or 3 per cent of GDP). BOT stands for ‘Buono Ordinario del Tesoro’ and would be little more than an IOU, probably bearing zero interest, and negotiable under certain conditions. As any historian of economics will attest, scrip issuance is a natural and understandable economic reaction to a liquidity shortfall. The Wikipedia page for ‘scrip’ gives scores of examples from US colonial times to the Great Depression when governmental authorities issued IOUs, sometimes limited to certain transactions, most often at a discount when exchanged for real money or goods. In the Weimar hyperinflation, many reputable German entities paid their workers in scrip, denominated with many, many zeros.

ECB President Mario Draghi was clear: Either Mini-Bots are debt — and they are counted in Brussels against Italy’s efforts to meet the EU Commission’s conditions for fiscal discipline; or they are money — in which case they are simply illegal. Yet maybe he wasn’t clear enough, because the Italian government continues to push the fiscal envelope, promising to pass this autumn a flat income tax as well as a guaranteed minimum income. This would raise the budget deficit, which is already creeping upwards again. Could Mini-Bots give the Italians wriggle room at a time when ‘fiscal space’ is at a premium? In the light of a stalled proposal to raise VAT (since 2017) — there are few alternatives. Now facing a government debt/GDP ratio of more than 130 per cent, Italy is reaching the point of no return, and any rise in interest rates would put the budget under enormous strain. With cumulative growth of only 9 per cent since the Euro was introduced in 1999 — less than ½ of one percent per annum — the economy’s real GDP remains 5.1 per cent below its peak of 2008 (see figure). Certainly the ‘China shock’, lack of dynamism, and a general loss of competitiveness are the root of Italy’s long-run malaise, but additional fiscal austerity right now would only make a dismal situation worse.

At first sight, the Mini-Bot proposal looks like a trial balloon — a lot of hot air and posturing according to some Italian friends — so it is not immediately clear why Germany is up in arms about it. Yet the Italian government has steadily increased the heat and volume of pronouncements on this form of debt over the past few weeks. In effect, Mini-Bots could achieve exactly what cash-strapped governments and businesses often do to make ends meet: squeeze suppliers via forced loans and price flexibility. The Italian proposal is so interesting because the government, which purchases goods and services amounting to 16 per cent and touches more than 48 per cent of GDP, would peg the Mini-Bot’s value for payment of tax liabilities of private firms and households in Euros at 1:1. Every tax payment with Mini-Bot would extinguish debt — and Gresham’s Law virtually guarantees that firms will use them. I am guessing this would keep the instrument from trading at a discount. This fixed exchange rate requires no central bank, just the promise of the state to accept them at parity. Seen from this perspective, the proposal might have pos-
itive macroeconomic effects. Most new-Keynesian models with sticky prices would predict positive effects of tax cuts and transfer increases on growth if any of the coming Italian triple dip recession is due to sagging aggregate demand. That is, as long as the Italian government does not succumb to the temptation to increase the volume of Mini-Bots without end. This, of course, might be the most heroic assumption of all. Most German commentators see the Mini-Bot proposal as the *Einstieg in den Ausstieg* (entry to the exit). If the Italians want to leave the Euro, they reason, this would be the way to acclimate the population to a new means of payment that some future government could convert into *Nuova Lira*. The Lega claims to have ‘learned’ from the Greek episode. Yet most surveys suggest the Italians want to keep the Euro. And everyone knows that any suspicion of conversion would lead to massive Euro withdrawals and the collapse of the Italian banking system. So keeping the Mini-Bot out of the financial system would appear to be a *sine qua non* for the plan to work. How that should happen is anyone’s guess. The blockchain?

The ECB Forum I attended two weeks ago was supposed to celebrate 20 years of the Euro. While there is much to admire about its technocratic execution, European monetary union was poorly planned in deep and disturbing ways, and critical reflection of this fact was missing in Sintra. First and foremost: Regardless of how compelling political reasons for a single currency may have been, excluding banks and banking union at the outset was irresponsible, and remains the Euro’s Achilles heel to this day. Second, a monetary union that preserves the national central banks is a central problem, as I have pointed out elsewhere (https://voxeu.org/article/redesigning-ecb). The ECB is owned by member countries’ central banks and, by extension, by the national governments, so the monetary union was ultimately a national, rather than a European undertaking. The abolition of national central banks was never on the table, even though it should have been, if only to de-politicize the ECB’s refinancing policies and supervision activities, and to encourage cross-border bank mergers. Finally, getting back to the Mini-Bot, while it is laudable that the ECB is independent of national governments on paper, effectively it is just as susceptible to fiscal dominance as other central banks are. Italy is about to prove it. The Italians may have found a fatal chink in the armor of the ECB. What can prevent the Italian government from issuing scrip? A wrist-slapping from the Commission will hardly work, and anything tougher will encourage the *populisti*. Why wasn’t this contingency covered in the Maastricht Treaty?

I was reminded of my very first trip to Italy as a student, frequently finding myself at the receiving end of *gettoni* (photos above) — tokens of the state telephone system — created as a response to high inflation rates of the 1970s. My colleague Battista Severgnini from Copenhagen Business School has pointed out to me that private banks issued ‘minicheques’ (*miniassegni*) in the late 1970s as a stop-gap reaction to the general shortage of coin. While the miniassegni had to be 100 per cent backed by reserves at the Banca d’Italia, the Mini-Bot clearly does not! So innovative, these Italians...

Best regards from Berlin!

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**Reminder:**

The Royal Economic Society’s Annual Conference will be hosted by Queen’s University Belfast from 6-8 April 2020.


www.res.org.uk/view/resNewsletter.html
EVEN BY THE STANDARDS OF 2019, the days immediately preceding the conference were eventful. Britain’s deadline for exiting the EU had been extended, granting us a stay of execution for six months. A group of activist climate-change protesters were attempting to bring London to its knees. Further afield, Donald Trump seemed intent on waging trade war not just with China but with the US’s traditional allies in Europe.

There was a certain appeal to entering a rarefied academic bubble. And arriving at the Warwick University campus — a perpetual building site, goes the joke, but at least on this fine spring day adorned by a profusion of daffodils — I was briefly lulled. But it was not to be. This was a conference very much intertwined with the real world, with researchers making good use of the ample fodder provided to them by current events. It was not the otherworldly retreat that I had hoped for. But it was very much to the credit of the economics profession.

We jumped straight into the question of why capitalism leaves some people behind — a phenomenon thought to have fuelled populist movements around the world.

In the first session of the conference, the Hahn Lecture, Anne Case gave a powerful talk about her work with Angus Deaton on ‘deaths of despair’. (Andrew Oswald went on to laud it as the best lecture he had ever heard.)

Life expectancy in America had begun, extraordinarily, to fall, thanks to a sinister increase in drug overdose, suicide and alcoholic liver disease. America, Anne showed, is in a different league when it comes to death rates from alcohol compared with the rest of the West, and is more in line with former Soviet republics. These deaths of despair had been concentrated solely among non-graduates, but in a sense they are symptomatic of a rise in chronic pain and mental-health problems that are affecting a much bigger group of nongraduates, perhaps associated with decreasing job quality, stagnant wage growth, and a diminished sense of community.

In a deadly cocktail, the rise in illness and pain coincided with the increasing availability of fentanyl and oxycodone on the market, and a greater willingness of doctors to prescribe the drugs. The tragedy of it all was that better policy might well have helped avert these deaths, by strengthening stronger safety nets and discouraging rent-seeking in the medical and pharmaceutical industry. The next session put the process of development in a poor country under a microscope, assessing how lives and livelihoods change. For fifty years now economists have been tracking the fortunes of the residents of Palanpur, a village in northern India. Nicholas Stern and Nick Lanjouw presented findings from the study’s most recent wave.

The study conducts a census of the village, which allows for a neat distributional analysis. The fortunes of some castes change over time as they seize non-farm opportunities. But there is also a degree of stickiness: some castes’ fortune stays the same; and fathers’ income becomes a better predictor of their sons’ fate in the second phase.

Rather than activity moving from the agricultural to the industrial sector — as Arthur Lewis might have predicted — the past two decades or so have been characterised by ‘pluriactivity’. Those who do well are those who seize non-farm opportunities, doing more than one job or occupation.

But this is where the drawbacks of using the village as a unit of analysis become evident: it excludes inflows and outflows. As Anne Case and Pramila Krishnan, both respondents to the talk, commented, understanding why people migrate could also help us understand why some people strike it rich while others do not.

Refugees leave home not just in search of a better life but because to stay is intolerable. At a panel on the second day, Christian Dustmann, Rossella Pagliuca-Lor and Gerald Knaus discussed the facts and rhetoric around refugees. The facts suggest an urgent need to work out how to process, resettle and integrate large numbers of refugees. As the panel's chair, Mark Easton, pointed out, 400 people had already died trying to get to Europe this year. The stocks of refugees in countries such as Turkey and Lebanon dwarfed the flows into Europe and were sizable shares of the population. Refugees are young and malleable, but even so, pointed out Christian, take longer to integrate than immigrants. And rapid population growth in the world's fragile suggested that the number of refugees could rise further.

Policy ideas were largely aimed at Europe: Gerald suggested a ‘new Schengen’ agreement that excludes countries that take a hard line on accepting refugees, such as
Italy and Hungary. Another idea was to offer home countries a regular quota for migrants as long as they took back any extra arrivals. But everyone agreed more research was needed: to work out how to integrate refugees, how to speed up the pace of resettlement decisions, how to design agreements with home countries.

**Helping hands**

If the first day established that growth and development can be uneven, the second day focused on policies to remedy the unevenness.

One welfare programme that is often cited as evidence for early childhood interventions in America is the Perry preschool programme, which ran in the early 1960s and was aimed at 3-4 year old disadvantaged black children. A criticism of it, though, has been its small sample size and concerns about how treatment and control groups were created.

In his Sargan Lecture, Nobel Laureate Jim Heckman used the Perry programme to illustrate how experiments can be saved even when there are doubts about their randomisation. Some children, for example, appeared to have been assigned to control groups because their homes could not be visited, rather than through true randomisation. But in work done with Ganesh Karapakula, Jim showed that even if a higher bar were applied to the results and ‘worst-case’ p-values computed, many of its positive findings still hold.

On top of that, a new survey suggests that the intervention has had impressively long-lasting effects, even spilling over on to the next generation. Those who were in the treatment group as children went on to spend less time, on average, in prison. Thanks to that, they had longer employment records, higher earnings and were healthier. Their children appear less likely to be arrested and suspended from school. The effects on aggregate inequality from such interventions alone are small, Jim reckoned: but every little must help.

Giving the *Economic Journal* lecture the next day, Eliana Ferrara presented work done with Fernanda Brollo and Katja Kaufmann. It was a nicely worked example of how the structure of a scheme and the incentives it sets up can have unintended effects. They analyse Brazil’s Bolsa Familia, the world’s largest conditional-cash transfer programme which requires that recipient families send their children to school, to assess the impact of punishing those who fail to meet the scheme’s conditions. Financial penalties do encourage compliance, they find, not just by those directly affected, but also by neighbours and children’s classmates.

But that is not where the ripple effects end. Those punished also try to punish in turn at the ballot box, voting against incumbent mayors. And in a further knock-on effect, mayors appear to massage attendance figures around election time, in the hope of not angering their voters.

All this, even in a scheme had overall had very positive results. Even the best thought-out policies, have wide-ranging knock-on consequences. In fact, as Eliana said, the more sophisticated the scheme, the more sophisticated the changes in behaviour it provokes.

Is the solution to rising inequality more university? Anne Case’s lecture certainly suggested it might be. But a word of caution came from Anna Vignoles and Jack Britten, who showed that the monetary returns, at least, are not always positive in the UK. The two studies were the outcome of a project that links school and university records with HMRC data on earnings.

The taxpayer offers university students a rather large subsidy: around half of tuition-fee loans probably go unpaid. Anna presented work on extent to which a university degree improves valued added, using graduate earnings at age 29 to proxy for productivity. Controlling for socioeconomic and regional variables, she computes the returns to studying a particular subject at a particular university.

University attendance appears to boost earnings by 26 per cent for women and 8 per cent for men. In a boost for the profession, she finds that those studying economics earn the biggest wage premium, particularly for women. Medicine and physics have high returns too; the creative arts and social care are less well-compensated for. The Russell Group universities had the highest premium; for some universities the wage premium was negative, particularly for men.

Jack Britten looked at the question from the point of view of a prospective student, and concluded that it might not be optimal for as many to go to university as they do. Men with a lower educational attainment have a lower return to going to university, of below 4 per cent, with the returns on some subjects negative.

Of course, none of this provides a complete answer to the question of whether to subsidise or not. University attendance has significant non-monetary benefits, some of which might even help to avert despair.

As Jim Heckman observed, economists are like detectives, hot on the trail of the causal effect. Many papers used intriguing natural experiments to uncover causality. Outbursts of anti-refugee sentiment on Facebook are correlated with real-life hate crime in Germany; outages on the website are associated with less hate crime, suggesting the causal link runs from the virtual to the real. The establishment of the Metropolitan Police and bobbies on the beat had crime-fighting effects; the introduction of crack cocaine in California had corruption-boosting ones, as drug profits were funneled into weakening enforcement.
But why had economists' views on the effects of Brexit fallen on deaf ears during the referendum campaign? Some panellists put that down to the profession's failure to spot and explain local congestion effects from increased migration.

Self-examination

Is the profession really incentivising the best research? The INET special session also involved self-reflection. (See below, p.9). Jim Heckman showed that publications in the top 5 journals are associated with better promotion prospects at universities. But such laser-like focus on the top 5 might be costing the profession. The journals are not perfect measures of quality: papers published in the top 5 are not always the most cited, for example, and journals affiliated with a certain university appear to have a bias towards researchers from the same university.

And it might mean that unusual questions or books, are underweighted when it comes to thinking about promotion. Giulia Zacchia, also on the panel, noted that research on the US and the UK tended to be most rewarded, even in Italy. Those hoping for change might take some comfort that Jim Heckman -- a Nobel laureate and an editor of the *Journal of Political Economy*, one of the top 5 — has taken up the cause.

One of Jim’s findings was that the bar for promotion of women is higher than it is for men. (Though small samples and maternity leave make it difficult to know how much weight to put on the finding). Across the Atlantic, the question of discrimination in profession had dominated the AEA congress in January, after a climate survey of women that harassment and discrimination were not uncommon in the profession. (The RES is drawing up a code of conduct, and is mulling a survey of its own.)

At the women’s special session, Rachel Griffith, Eliana La Ferrara, Carol Propper, Sarah Smith and Rain Newton-Smith spoke about their own experiences. Several noted the importance of role models, and observed that men and women were still viewed differently in the context of childcare. The advantage of academia is its flexibility, says Sarah Smith. But perhaps that could be a disadvantage too, if the expectation is meetings and calls can take place at any time of day. Perhaps, the panellists suggested, it might fall to colleagues to be sensitive when thinking about arranging meetings or calls.

More introspection came at another ‘RES Presents’ session on the communication of economics. Nick Stern, the departing president, took comfort from the research presented at the conference that profession was indeed paying attention to real-world problems. But why was the message not getting through? That must be down to economists.

Perhaps, as Nick suggested, economics could take a few lessons out of geography’s book. The subject is more

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**Geography lessons**

The vote to leave the European Union may well have been a response to rising inequality and capitalism’s failings. Given the shadow the subject of Brexit has cast over the country for the past three years, it was only right that the profession discuss its economic implications.

In his past president’s lecture, Peter Neary took on the Brexiteers’ argument that distance is dead, pointing out very amiably that geography, unfortunately for them, was still very much a powerful force when it came to trading patterns.

Gravity models find that trade falls off more or less one for one with distance. And that has not changed over time: just as reduced trade barriers and lower transport costs have made trade with distant countries cheap, it has also made trade with nearby ones easy. But the data suggest that demand is subconvex: as the value of trade rises, its elasticity to distance is lower. So the introduction of trade barriers with neighbours is unlikely to have, in Peter’s words, a ‘catastrophic’ effect.

Michael Wickens had either not attended Peter’s speech, or disagreed with it; at the public ‘RES presents’ event, he declared himself no fan of gravity models. Vicky Pryce argued forcefully that the effects of Brexit were already being felt, pointing to its effects on foreign direct investment and civil-service morale. Alan Winters suggested keeping an eye on services firms. John Kay mulled over the implications of radical uncertainty for modellers, based on his work with Lord Mervyn King. In summary: treat model estimates with care.

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But history is not inevitable: take the impact of the partition of Poland in the 19th century on human capital. Poland had been divvied up between Russia, Austria and Prussia, each of which had education systems of varying quality. By a couple of decades after its unification and independence in 1918, those differences in educational attainment had faded away.

Causal links are less easily established in macroeconomics where everything seems to be endogenous. But there were illuminating session on the drivers of low interest rates (monetary regimes, consumption to wealth ratios, and demographics) and of low inflation (menu costs, frequency of price changes and in the future, though not yet today, cloud computing). In an interdisciplinary session organised by Rebuilding Macroeconomics, John Kay gested keeping an eye on services firms. Theresa May's deal (whatever that is now worth) ignores them and they already being felt, pointing to its effects on foreign direct investment and civil-service morale. Alan Winters suggested keeping an eye on services firms. John Kay mulled over the implications of radical uncertainty for modellers, based on his work with Lord Mervyn King. In summary: treat model estimates with care.

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Features
Features

popular, perhaps because ‘everything is seen as geography’, says Wendy Carlin. Economics, by contrast, is perceived very narrowly as to do with money.

Arun Advani pointed out that economics was either less accessible or less appealing to school kids. Independent and grammar schools were three times more likely to teach it than state schools. Boys were three times more likely to study the subject than girls. The relative exclusivity of the subject could affect the way the public engages with economists’ claims: if they have either studied the subject for a while, or are being spoken to by people of a similar background, they might feel more inclined to engage with the subject.

Others argued that the profession needed more humility. Rachel Griffith, the society’s newly anointed president, suggested a Brian Cox approach: being honest about what we don’t know, and how that was actually an exciting avenue for exploration rather than a failure.

What about engaging with politics? Political interest in evidence-based policy making seems to be at an all-time low. That was dispiriting. But for economists to withdraw now would surely be a mistake. There might be no easy way to maximise the profession’s impact. But as I returned to London, I had no doubt that economists have plenty to contribute.

...and one participant’s view of the Conference

After a draining few weeks staring into the precipice of a no deal Brexit, I feel refreshed, renewed and rejuvenated. And it’s all down to the Royal Economic Society’s Annual conference. The economics profession has come under a lot of criticism lately. We failed to spot the global financial crisis, and the UK’s productivity puzzle continues to confound economists with no real answer as to why the UK has faced a lost decade of rising living standards. Our forecasts are ‘wrong’ and we’ve failed to get our voice on the economic damage of Brexit heard. There isn’t enough diversity of thought in the profession, and it is failing to attract young women to study economics creating concern about the pipeline and robustness of policy decision-making.

Yet a few days on the campus of the University of Warwick for the Royal Economic Society’s Annual Conference, shows how wrong this impression is. When I last attended this conference at Warwick, I was a young graduate, fresh-faced at the Bank of England and working on how new technologies (back in the ‘00s’, it was all about the internet and the falling price of computer processing power) were changing business investment. But the lectures I attended back then did not seem to reflect the real world. There were too many over-simplified mathematical models which did not reflect human behaviour and apart from the world of central banking, there were precious few reflections on what these models or results meant for policy decisions.

But twenty years later, I was amazed at the range of papers on offer. I have to confess, (and this is a bit sad!), I felt like a kid in a sweet shop, spoiled for choice. Did I attend the session on how funding for Sure Start centres in the UK had affected social mobility? Or how programmes targeted at women in developing countries could affect teenage behaviour? What impact does free school meals have on childhood obesity? What about universal free childcare on long-run health outcomes? That many of these sessions ran in parallel made my choices even tougher.

Gone are the days of clever PhD students who couldn’t explain their results to an audience, hiding behind equations. These were people passionate about their work, modest in their assumptions but clear about how their findings could help to change the world. Newer techniques were also in evidence. Researchers at NESTA, the innovation foundation, were using big data analytics to compute a new index of skills in real time, using artificial intelligence to search job adverts, to see what skills businesses are asking for right now when they are looking to recruit.

I attended a great session by Anna Vignoles (University of Cambridge), Jack Britton (IFS) and others on the returns to higher education funded by the Institute for Fiscal Studies. The new LEO (Longitudinal Education Outcomes) data allows researchers to trace individuals from their results at school, through to which university and subject they choose (if that’s their path), through to how much they earn later in life from HMRC data. So, you can calculate the return an individual gets from a degree and control for their results at school. It shows that for most people, university pays for itself, but you do have to be selective on what you choose to study and where. It was very encouraging to see that women studying economics was second only to medicine in terms of the boost to earnings five years after graduation.

Another fascinating session looked at the rise of hate crime in the UK after the EU referendum and also whether President Trump’s use of social media has had an impact on hate crimes in the USA. Recorded hate crime in the UK rose significantly after the referendum, and often more in areas that voted remain. The referendum result may have provided information on ‘social norms’ which meant some individuals felt more license to commit crimes where they would have held back previously. Across the pond, to the USA and a paper looking at Trump and his impact on reported hate crimes. While hate crime under Trump overall wasn’t necessarily higher than under previous presidents, anti-Muslim hate crimes have risen, and this work showed a link to the rise in social media and Trump’s tweets. As with previous developments in mass media, from the printed press or other, the media can be used for good or for ill, but it certainly has an impact.
And if people feel there aren’t enough women leading the dismal science, the session on women in economics should change that. With female chief economists at the OECD, the EBRD, the IMF, the World Bank, it’s hard to say that’s genuinely the case. And the profession is waking up to the fact it needs to talk about how to make it more attractive for young women to study economics in the first place, choose it as a profession and use it to make a difference to the world around them. For anyone thinking that economics could be for them, or anyone curious about the world around them and how data and analysis can be used to make better decisions, have a look at the papers from the conference. We probably still need more papers that look at the economics of climate change but one thing is clear to me — we need more time for experts in our lives, not less.

**Editor’s note:**
This is an edited version of a blog posted by Rain Newton Smith, Chief Economist at the CBI, to her CBI colleagues shortly after the Conference. It’s interesting that Rain notes a change in presentations over the years. ‘These were people passionate about their work, modest in their assumptions but clear about how their findings could help to change the world.’ Might this have anything to do with the increasing emphasis on ‘impact’ in the Research Evaluation Framework? Readers’ views (as always) would be welcome.

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**Do economists deserve better?**

**A debate on incentives and rewards in our discipline**

*At the 2019 annual conference, the Institute for New Economic Thinking (INET) was invited to organize a special session, in which the authors of this piece participated as discussants. Orsola Costantini and Giuseppe Fontana  report.*

It was at the end of a first, exciting day of conference. But, in the room, the mood was gloomy. Many young faces looked tense and resigned: we were talking about the state of Economics.

According to INET president Robert Johnson, who chaired the session, the pain is necessary. Economics has repeatedly shown itself unfit to deal with our complex times and people now doubt the integrity and legitimacy of our role as experts in the economic and political systems.

At this difficult juncture, maintained Johnson, it is essential that economics drop the fantasy idea of a perfect meritocracy, and deal with our profession as ‘a community with an anthropology’ with a structure of incentives and limitations. Only then can we understand why, in spite of widespread calls for a reality check in both theory and policy prescriptions, the discipline has remained largely stuck on old methods and hierarchies of excellence. And only then can we act to do something about it.

The influence of internal structures of power is rather striking as the 2000 Nobel Memorial Prize laureate James Heckman proceeded to explain. In an INET paper written with Sidharth Moktar he shows that 5 ‘top’ economic journals disproportionately influence what is considered excellence in our field, which in turn affects hires and promotions, especially in the top universities. Inevitably, students and researchers pick their research projects bowing to the standards set by those gatekeeping outlets: after all, their careers depend on it. Unfortunately, the system of journals is not conceived for, nor is it appropriate to, evaluating the equality of research as such: at best, it pursues an editorial project, which results in publication of articles of heterogeneous quality, limited by topic, method, and theoretical approach. But it may also reward connections as much or more than quality. In the Heckman-Moktar view, the system incentivizes crass careerism and reduces creativity and bold questioning. As George Akerlof has elsewhere observed, students run away from economics, take refuge in hyper-specialization or, simply, conform.2

After Heckman, Giulia Zacchia, from the University of Rome La Sapienza, stepped up to the podium and reinforced the message: we must accept that quality is not the only characteristic that distinguishes papers. That would amount to just assuming away the existence of biases and outright discrimination against specific ideas and methodologies and against certain categories of researchers. For instance, gender and race matter hugely. Furthermore, the way repression of the pluralism of ideas and repression of the diversity of scholars interact: they penalize especially women and minorities who work outside the mainstream intersectionally (more than twice) (Zacchia 2017). But make no mistake, she warns: as tempting as it is to rely on seemingly objective procedures, in this deeply biased and stratified context, bibliometric measures are no solution and, if anything, they tend to exacerbate the distortions.

Yet, as Sanjeev Goyal, professor from the University of Cambridge, pointed out in his presentation, something is moving. Changes in size of the discipline, both in terms of the number of researchers and of publications, and in the size and number of subfields are happening and might have important consequences. The top 5 journals, for instance, are not always those that scholars most often cite. In his view, equilibria could change, moved by the
strategic behavior of the authors, as he describes in a new forthcoming paper (Mimeo).

Indeed today an increasingly number of economists in the UK work in Business Schools or, for want of a better term, in non-traditional departments of economics, where they are encouraged to engage in multidisciplinary and pluralistic research. In a similar way, policy makers and research granting institutions advocate a more realistic approach to economics to serve better the needs of modern societies. But this evolution happens largely under the radar and recognition of the world-leading journals in the area of economics, vis-à-vis similarly ranked journals in, say, social sciences, management, or finance. The risk is to let new and old important areas of inquiry die of starvation or drift away from economic departments and outlets, failing to integrate into broader debates within the field.

The experience of one of us in a pluralistic and multidisciplinary project, called FESSUD, between 2011 and 2016, was reported as a practical illustration of some of these points. FESSUD explored the economic and social functions of finance, forging alliances across several sciences and offering fair space to different economics perspectives, from DSGE modelling to Marxists or Post Keynesian economics. It had an EU budget of circa 8 mil €, and included NGOs as participants. But, as the final grant report testifies, out of the total 57 papers not one was published in world-leading economics journals, so labelled CABS 4/4* in the Academic Journal Guide of the Chartered Association of Business Schools (CABS). By contrast, four papers were published in CABS 4/4* journals in finance (2), social sciences (1), and innovation (1). A similar picture can be drawn from the lower tier of journals: four papers appeared in CABS3 journals in the area of economics, while twelve papers were published in similarly ranked journals of others areas, namely social sciences (7), management (2), finance (1), international business (1), and regional studies (1). Evidence from the UK research assessment exercises is consistent with this scenario. In fact, in the last national Research Excellence Framework (REF) exercise in 2014, only 28 of the c.100 economic providers existing in the UK submitted their output to the economics and econometrics panel.

In a discipline like economics, biases and ideologies are impossible to avoid completely: There will always be a mainstream. Yet, it has become clear that, in order to keep our field alive, we need to study ways to guarantee some funding and visibility to, for lack of a better term, non-mainstream scholars. Only then, dissenting will not become a self-imposed death sentence that most scholars will fight to avoid, and new ideas can have a chance to be born and even make their way up to the top — innovating the discipline truly.

What to do? A process of self-reflection was advocated by Marina Della Giusta, University of Reading, a discussant in the session, who recalled that economists talk about biases in their models but tend not to apply the concept to themselves.

James Heckman was convinced that a ‘proper solution to the tyranny of the T5 will likely involve much more than a simple re-definition of the T5 to include a handful of additional influential journals.’ (Moktar and Heckman 2018).

One suggestion, coming from him and Robert Johnson, is to favor publication in open source arXiv or PLOS ONE format journals. Those speed up and facilitate the publication of new ideas, providing timely and transparent peer review. For gender equality purposes, however, blind review might be important. Zacchia even suggests that evaluations for hires and promotions should be based on peer review of anonymous unpublished work only.

In addition, it is important to make sure that the evaluation commissions are heterogeneous in terms of gender, academic rank, research subfield, orientation and methods. In the case of the UK, this point leads to a very specific suggestion that the REF economics and econometrics panel may want to consider.

Finally, papers are only the final output of a process that starts with differential access to courses and funding. The distribution of public provisions is currently heavily skewed toward a very few ‘excellent’ departments. Instead, as emerged from the debate, funding should explicitly aim to support pluralism in research and teaching, and to promote local development. Currently, for example, research concerning local economies, which are so important for creating synergies between academia and society, is discouraged, as results have virtually no chance of appearing in internationally recognized outlets.

In a discipline like economics, biases and ideologies are impossible to avoid completely: There will always be a mainstream. Yet, it has become clear that, in order to keep our field alive, we need to study ways to guarantee some funding and visibility to, for lack of a better term, non-mainstream scholars. Only then, dissenting will not become a self-imposed death sentence that most scholars will fight to avoid, and new ideas can have a chance to be born and even make their way up to the top — innovating the discipline truly.

Whether this will happen depends upon the openness of the profession as a whole. Without this openness, what passes for economics will become a narrowly-defined activity, of little social relevance, practised by an ever declining number of specialists while many of the young (and not so young) frustrated and disaffected, take their efforts to be recognised elsewhere.

Notes and references appear on p.14 below...
Nuffield Foundation seeks student placements

We know that women are underrepresented in economics, particularly those from state-funded schools. Indeed, almost 1/3 of A-level economics teaching takes place in the independent sector and only 31 per cent of A-level entrants are female. It is worth noting that the young women who do study economics at A-level get better results than their male counterparts.

This under-representation of women in economics continues at university and into the job market. The latest data available from the Higher Education Statistics Agency shows a fairly steady participation rate of c. 33 per cent of UK economics undergraduates being female (compared with 21 per cent for physics and 37 per cent for mathematics). One way to address this might be to give more young women from state schools the opportunity to see economics ‘in action’.

An increasingly convincing body of work suggests that work experience helps young people make choices about school subjects and their future careers. When work placements are both high quality and meaningful they can have a notable impact on young people’s aspirations.

For 20 years, Nuffield Research Placements have helped young people apply their academic skills and knowledge to ‘live’ research projects in a range of environments from laboratories to think tanks.

The placements are open to high attaining young people from disadvantaged backgrounds who are in the first year of a post-16 STEM course at a state-maintained school or college. Every year, we place around 1,000 across the UK with a broad 50:50 male:female split. With more placement providers, we’d be able to give even more young people this opportunity.

By hosting a female Nuffield student, you will gain valuable research assistance at the same time as inspiring the next generation of female economists from outside the independent school system.

We would like to work with the Royal Economic Society and members to source up to 20 placements — which typically last 4-5 weeks across the summer holidays. Placements should focus on a real research topic and students present a report based on their work to peers at a celebration event.

The Foundation and its network of national Coordinators will identify students and work with hosts to develop the placements. We will also provide a bursary for students during their placements, and travel and subsistence costs are also covered.

If you are interested in inspiring the next generation of economists please get in touch to find out more. The interim NRP evaluation report has just been published and can be viewed here: https://www.nuffieldfoundation.org/news/students-who-undertake-work-placement-are-more-likely-go-study-stem-course-russell-group-univer

Notes:
3. https://www.hesa.ac.uk/data-and-analysis/students/what-study
4. https://www.gatsby.org.uk/education/focus-areas/good-career-guidance
6. https://www.nuffieldfoundation.org/nuffield-research-placements

Erratum

We regret that the April issue of the Newsletter (p.12) omitted the names of seven winners awarded the 2018 referee prizes by the Economic Journal. The list should have included the following:

Anna Gumpert, LMU Munich
Oscar Jorda, UC Davis
Ethan Lewis, Dartmouth College
Attila Lindner, University College London
Christopher Rauh, University of Montreal
Tom Schmitz, Bocconi University
Martine Visser, University of Cape Town

We apologise to readers and to the prizewinners for this omission.
Women leaders in economics

The theme of this year’s RES women’s committee Conference Special Session was ‘Women Leaders in Economics’. It was chosen in part to mark Rachel Griffith becoming only the second female RES president in the Society’s 120 year history (and the first for forty years). It also seemed appropriate when there is an unprecedented number of women economists occupying positions at the very highest levels, nationally and internationally. Sarah Smith, Chair of the RES Women’s Committee, reports on the discussion.

The unprecedented number of women economists in senior positions struck home when I started putting together a photo montage of women leaders in economics ahead of the Conference session. The search for Mark Carney’s successor at the Bank of England has sparked another round of ‘where are all the senior female economists and women in finance?’. In reality, many are already in charge of public and private sector institutions — Gita Gopinath (chief economist, IMF), Penny Goldberg (chief economist, World Bank), Sam Beckett and Claire Lombardi (joint heads, Government Economic Service), Laurence Boone (chief economist, OECD), Beata Javorcik (chief economist, EBRD), three Fed Board Presidents (Mary Daly, Esther George, Loretta Mester), Janet Henry (chief economist, HSBC) and Catherine Mann (chief economist, Citigroup). And I am sure I have missed many more.

Economics is still a long way from gender parity. At this year’s AEA Conference, Betsye Stevenson chaired a panel discussion on ‘How can economics solve its gender problem’ with Susan Athey, Marianne Bertrand, Janet Yellen and Sebnem Kalemli-Özcan.1 The fact that economics has a gender problem was not disputed; instead the discussion focused on what caused the problem — and what to do about it. Aggressive seminars and a competitive environment were seen as key factors, also a widespread scepticism of discrimination (‘discrimination would be competed away’), Susan Athey was told). Preliminary results from the AEA’s climate survey published in March revealed widespread experiences of discrimination and harassment by female economists.2 Studies by Heather Sarsons3 and Erin Hengel4 have provided detailed insights into how female economists are treated differently — and more harshly — than their male counterparts in promotion and publication processes. Recognising and discussing these issues openly in this way is a hugely important first step towards tackling the problem.

Most worrying for the future, we are singularly failing as a discipline to appeal to a diverse range of students. Only one-third of economics undergraduate students are female, and students from private schools are heavily over-represented.

When the RES published its new strategy last year, promoting greater diversity was one its four objectives. Since then, the RES executive committee has published a draft code of conduct for consultation and is planning its own survey in order to get a clearer picture of professional conduct and culture in UK economics. The RES women’s committee ran a mentoring scheme for junior academic economists at the start of this year’s RES conference — offering advice and support to 27 PhD students, post docs and lecturers. The RES also launched ‘Discover Economics’ offering funding and support to academics at eight universities to organise outreach events for state-school, female and BAME students.

Promoting a more diverse image of economics is crucial for attracting currently under-represented groups of students. Ask students what economics is about and they will say it is about money; Ask them to describe an economist and they will tell you it’s a man in a suit crunching numbers. Changing perceptions of economics — and economists — is key to tackling economics’ diversity (and gender) problems in the longer run. For this reason, it was great to see that one of last year’s box office hits, Crazy Rich Asians, featured an economics professor (into game theory) as its female romantic lead. Rachel Chu takes us a long way from the image of a man in a suit crunching numbers and, together with the non-fictional women leaders in economics, helps to promote a different — and more positive — image of economics.

As much as we have to acknowledge and tackle the gender and diversity problems that remain, we should also shout as loudly as we can about the women who are leading the way.

Notes:

www.res.org.uk/view/resNewsletter.html
The trouble with fake news

Michele Belot, Professor of Economics at the European University Institute argues that the problem posed by 'fake news' lies not in fake facts, which can be easily checked — as social media companies are promising increasingly to do — but in the misleading interpretation of those facts. This is much harder to identify.

A FEW WEEKS AGO, Italian Interior Minister Matteo Salvini revealed that crime has reduced sharply between 2018 and 2019. Il Giornale reported the following: ‘According to police statistics, crime had decreased by 15 per cent with murders down by 12.2 per cent and attempted murders down 16.2 per cent. Other crimes were down as well, some even more drastically such as sexual violence which had seen a 32.1 decrease and robberies which were down 20.9 per cent.’ Impressive. The facts are impressive, and the source (Police statistics) appears reliable. Of course, we know that crime statistics are not necessarily a true reflection of reality. For a crime to enter a statistic, it needs to be reported or identified by the police. If the police reduce monitoring, does not enforce laws or make it harder for people to report a crime, measured crime will go down. This is a well-known issue in the research in economics of crime. The sceptics among us will quickly realize that and, as a consequence, take this ‘news’ with a grain of caution.

The issue of fake news has been a prominent issue in public discussions for a few years now. It is the plague of social media, and now companies like Facebook have invested massively in ‘global fact-checking initiatives’. Fact checking is certainly a way forward. It is the obvious way to start: let us first check if the facts are actually correct. ‘Is the statistic correct’, or ‘did X really claim Y’.

The Italian crime statistics are an example of a ‘fact’ that is not necessarily fabricated — the statistics may well be true — but the ‘news’ might be incorrect insofar as the reality may not be what it suggests. Fact checking algorithms can tell us whether the statistic is true, but they won’t tell us whether crime really went down. One could do further investigations of course — a more sophisticated investigator or algorithm could look at reports of police numbers assigned to departments monitoring crime. Or one could choose to trust media sources that do have a tradition of investigating beyond the mere statistics.

Either way, the choice is either to trust someone else’s report or analysis, or to investigate oneself. The first requires the ability to evaluate someone’s credentials in making a claim, the second requires time and expertise. The digital revolution has made it much easier to access directly the source of information and to publicize the results of our own private investigations. In a few decades, the world has now become a world with millions of amateur investigators and journalists. In this world of freely available information, it should be easy for the truth to emerge quickly, one would think. But with the growing availability of information/opinions, it is perhaps more challenging than ever to identify reliable sources of information.

Coming back to Italy again, another topic that has made the headlines over the last couple of years is vaccination. The anti-vaccination movement has become stronger and in response to falling vaccination rates, Italy has made 10 vaccinations mandatory to attend school. Like other countries, Italy has also conducted large ‘information campaigns’ aimed at educating people and informing them that vaccines are effective and safe. But here is the catch. Parents who do not vaccinate are generally not ‘uninformed’. In fact, websites casting doubt on the effectiveness or the safety of vaccinations often portray themselves as advocating ‘informed decisions’ and provide a lot of information, including links to real scientific studies. True, there are also celebrities like Oprah Winfrey and Jenny McCarthy who express opinions on the safety of vaccines, but quite a few active members of the ‘vaccine-sceptic’ community claim to have reasonable credentials to warrant being taken seriously. Websites pro- and anti-vaccines are also full of statistics, which highly educated people like. For example, vaccine sceptics will often show a graph that shows the steady and continuous fall of the number of deaths caused by a disease, which often preceded the introduction of the vaccine itself, casting doubt on their effectiveness. In contrast, websites advocating vaccination will display graphs showing the sharp fall in the number of diagnosed cases of many diseases following the introduction of vaccines. No need to know fancy econometric techniques to conclude that vaccines are effective in reducing incidence. Unfortunately, few websites will show you both graphs.

The challenge is that even when gathering a lot of information, it is hard to become a real expert. Take for example a study published a couple of years ago on the effects of Hepatitis B vaccination (HPV) on brain development in rodents. The study was published in 2016 in the journal Psychoneuroendocrinology and states the following: ‘This work reveals for the first time that early HBV vac
cination induces impairments in behavior and hippocampal neurogenesis. This work provides innovative data supporting the long suspected potential association of HBV with certain neuropsychiatric disorders such as autism and multiple sclerosis. Now if you have time on your hands and know experts in neuroendocrinology, you may want to investigate this further. The journal is a peer-reviewed journal with an impact factor of almost 5, which must mean this is a very good journal. Still when I asked colleagues in the neuroendocrinology department, they pointed out important weaknesses of the study and did not agree with the conclusion. Their arguments were sufficiently convincing that they convinced me. The study may well be internally valid, but it is the interpretation of the evidence that seems problematic.

Ultimately, it is clear that on many (most?) topics one runs quickly out of one’s depth, even if one has several degrees and has spent hours doing ‘research’ on the web. But still many of us feel empowered to access and evaluate information, and to express an opinion on topics we have no specific expertise in.

Even when the interpretation behind the facts seems straightforward and does not seem to require any expertise at all, there appears to be scope for misinterpretation. For example, one of Trump’s most outrageous acts during the 2016 Presidential campaign was to mock openly a disabled journalist named Serge Kovaleski, at one of his rallies. We all saw the video. We actually all saw the fact. This is obviously ‘true news’, because we saw first-hand what happened. Nevertheless, there are some Trump supporters who openly denied what seems undeniable. Ann Coulter, a conservative commentator and author of In Trump We Trust has defended Trump for his gesture. She claims, backing her claims with video-footage, that Trump made the exact same gesture when referring to people who were not disabled (including for example Ted Cruz). She also claims that Steve Kovaleski has a disability that prevents his hand from moving — one can indeed find videos of a man with a hand that appears completely rigid. If one would want to mock him, making an uncontrolled hand gesture may not be the most obvious thing to do. So here we are. We can spend time watching the other video footage, perhaps even double check that the video of Steve Kovaleski is really a video of Steve Kovaleski, and read the Washington Post response on why Ann Coulter does not prove anything. And all this ‘fact checking’ investment appears necessary for a fact that seemed really undeniable. The bottom line is that it seems hard to find ‘pure facts’ that have not been subject to somebody’s interpretation. Somebody who may have an agenda, or biased beliefs, perhaps even unknowingly so.

The challenge of fake news is not fake facts. Fake facts should be easy to tackle and correct, certainly with our modern technology. It is much more challenging to correct for misinterpretations. Nevertheless, the interpretation of facts is essential to stir policy and to hold politicians accountable. The public needs to know whether crime really went down, whether vaccines are effective and safe and whether Trump mocked a disabled person.

On a positive note, it is not clear that there is more misinformation now than there used to be. Before, wild speculations may have been easier to maintain. Now everyone can investigate what everyone else is saying. You may have heard from someone who knows someone who developed autism after being vaccinated. Now we can at least try to check aggregate statistics, read scientific studies or read interpretations from ‘experts’. Even if amateur investigations may not be the most efficient way of getting at the truth, it is probably the best way, despite the caveats. There is now wide competition in investigations, and people are more able than ever to have a critical eye on facts and information.

Do economists deserve better?

Notes:
1. Orsola Costantini (Institute for New Economic Thinking, New York, USA; OCostantini@ineteconomics.org) and Giuseppe Fontana (University of Leeds, UK and University of Sannio, Italy; GFontana@leeds.ac.uk). The authors acknowledge help from the Newsletter editor. The opinions are their own only.

References:

3. FP7 program, Grant No. 266800, http://fessud.eu/
4. The Academic Journal Guide of the Chartered Association of Business Schools (CABS; https://charteredabs.org/academic-journal-guide-2018) is one of the most popular guides to the range and quality of journals in which UK business and management academics (including economists) publish their work.

www.res.org.uk/view/resNewsletter.html
The USS deficit - it's about time someone did see it and was clear about it, too

In our last issue, Woon Wong argued that anxieties about the state of the Universities' Superannuation Scheme were unjustified. In this article Bernard Casey¹ and John Ralfe² [respectively a retired academic and one-time senior economist at the OECD and an independent pension consultant] beg to differ. They also draw attention to some interesting, and unusual, features of the USS.

Woon Wong has recently claimed that USS has no problems.³ Most pensions economists take a very different view.⁴ So, too, does the Pensions Regulator. USS also seems to be having second thoughts, whilst some of those who are currently USS sponsors are having doubts about the scheme’s sustainability.

The underlying economics of defined benefit (DB) pensions — including USS — are pretty straightforward. An employer promises to pay employees a pension for life, plus a reduced pension to any surviving dependent. The pension, and lump sum, is based on the employee’s salary and number of years in the scheme and increased in line with inflation.

To give employees security for their long-term pension promises, companies must hold assets in a separate pension fund. Employers and employees make cash contributions into the fund and the money is invested — with investment returns also flowing into the fund. However, pension payments are not contingent on the value of this fund. The company is legally obliged to pay pensions — the pension scheme is a creditor of the company — whatever happens to the assets in the fund that backs it.

USS is unusual because all employers have ‘joint and several liability’ for all other employers. If a single employer goes bust the remainder pick up a share of its pension liabilities. This means the USS covenant is as strong as the strongest individual employer.

What is the present value of promises to pay pensions over several decades when calculated according to a pre-agreed formula? The answer is the same as that to the much easier question ‘what is the present value of promises to pay interest and principal on a quoted bond issued by a company and having a lifetime of several decades?’ And it is easy — the present value is simply the price at which the bond is being bought or sold. The price changes as interest rates change — it goes up if interest rates fall, it goes down if interest rates rise.⁵

What about a non-quoted corporate bond, such as a private placement? To calculate the present value of a company’s non-quoted private placement, we need to discount the promised interest and principal payments at the yield, or market interest rate, on a similar publicly quoted bond. The ‘Law of One Price’ means that cash flows of the same amount, the same timing, and the same credit rating, all have the same present value.

Pension promises have the same economic characteristics as such a bond with the same pattern of payments, the same timing and the same credit rating. Thus, the present value of pensions is calculated by applying a bond discount rate.

The security provided by the pension fund assets means members are much less dependent on the credit rating of their individual employer — but they still take some credit risk. The right discount rate for DB pensions is a high quality or AA corporate bond.⁶ The value of the pension promises goes up and down, as interest rates fall or rise, just like the bond. Nothing tricky.

The value of assets is simply their market value, which, of course, also goes up or down. The deficit or surplus is simply the value of assets minus the value of liabilities on any given day.

At March 2017, USS’s published accounts showed £60bn assets and £77.5bn IAS19 liabilities — the AA bond yardstick required for all UK DB pension schemes. This gave a whopping £17.5bn deficit. By March 2018 assets had increased to £63.6bn, and liabilities had fallen to £72bn, reducing the deficit to £8.4bn.

However Panglossian some USS members might be, the Pensions Regulator is very unhappy and has written two very tough letters to the Chair of the USS trustees.⁷ Meanwhile one sponsor — Trinity College, Cambridge — is planning to pull out of USS entirely. Trinity is widely recognised as being the ‘last man standing’ were other sponsors to fail — i.e.it would retain responsibility for the pensions of all USS members. Trinity would rather not be in this, ‘albeit unlikely’, situation and is prepared to pay some £30m to buy itself out. Whilst its withdrawal would not, of itself, weaken the employers’
Comment

Bernard Casey and John Ralfe argue that the right discount rate for defined benefit (DB) schemes is a high quality or AA corporate bond. Moreover, they say, the discount rate for the USS could be even lower since all its employers have ‘joint and several liability’ for all other employers and hence its covenant is as strong as the strongest individual employer which is AAA rated.\(^1\) In essence, it is a bond-based approach to value DB schemes in which the discount rate is determined by corporate or government bond yield. Such an argument is emblematic of the confusion in the debate on the valuation of the USS as well as other occupational DB schemes in general.

It is easy to see the problem of such an approach by considering the following. Suppose we break up the USS into two schemes, USS-A and USS-B, which are exactly identical except for their sponsors. Both schemes have the same future pensions to be paid out but the sponsors of USS-A comprise AAA-rated institutions such as Trinity College, Cambridge, whereas those of USS-B have lower credit ratings. According to the bond-based valuation, the liability of USS-A will be larger than that of USS-B because the former has a lower discount rate. This does not make sense because it is equivalent to saying that the financial strength of universities such as Oxford and Cambridge should make the scheme more expensive to fund.

The reason for the confusion, as Carne (2004) explains, is that an ‘actuarial’ valuation of a DB scheme is not quite the same as determining the present value of bonds issued by a borrower.\(^2\) For an open DB scheme such as the USS, the funds (or cash flows) to pay for the promised pensions come from two sources: investment returns on the scheme’s assets and contributions from both employers and employees. An actuarial valuation will determine the scheme to be in deficit (surplus) and a higher (lower), contribution is required if the projected cash flows are smaller (greater) than the promised pensions. The so-called discount rate is primarily determined by the rate of investment returns on scheme assets. While Bernard and John are right to acknowledge that the security provided by the scheme assets means members are much less dependent on the credit rating of their employer, their problem lies in equating investment returns on scheme assets to a bond-based discount rate. As I pointed out in RES Newsletter 185 (April 2019), there is little evidence to suggest that the investment returns on productive assets have fallen by the same amount as the decline in riskless interest rates or corporate bond yields in past decades.

Also, the use of the AA bond as a source of discount rate for all UK DB pension schemes ignores the fact that the

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Notes:

1. Bernard H Casey, SOCialECONomicRESearch, London and Frankfurt (b.casey@soceconres.eu).
3. ‘Now you see it, now you don’t’ - Is the university pension fund really in deficit?, in RES Newsletter,185 April 2019.
4. See letter by 39 economists to Mr Bill Galvin, Group Chief Executive Officer, USS Limited, 12-10-18.
5. An example of a bond fitting this description is that issued for £300m by Cambridge University in 2018. It is repayable in equal annual instalments between 10 and 50 years and pays interest at CPI plus 0.25 per cent.
6. There is an argument that it is higher for USS, since some of the employers are AAA rated.
7. Mike Birch, Director of Supervision, The Pensions Regulator, to Sir David Eastwood, Chair of Trustees, Universities Superannuation Scheme Ltd, 11-12-18.

Editor’s note:
Any further contributions to this debate (for the October issue) need to reach the editorial office by 20th September 2019.
assets of some DB schemes are predominantly gilts whereas others invest more heavily in equities. In this regard, it is worth noting that the USS is an immature scheme with its current cash flow (from scheme assets and contributions) exceeding pension outgoings. For this reason, the Joint Expert Panel (JEP) recommends that the scheme is well suited to invest in high-risk-high-return productive assets. If this and other recommendations of JEP were implemented, the USS’s own calculation shows that the scheme would be in a surplus of £0.5bn in 2017, compared with the reported deficit of £7.5bn.

The problem with the USS valuation seems to be about more than the application of financial economics. Hoping to provide a rounded view on the different approaches to valuation, Dennis Leech of Warwick University asked a question in the December 2018 USS Institutions Meeting that would allow the scheme to consider an alternate cash-flow projection method described in Carne (2004). The treatment of his question, unfortunately, demonstrates the weakness of the current management of the USS: it fails to engage with the intellectual arguments surrounding the issue of valuation and wants to manage the scheme as if there is nothing to question about the methodology. Indeed, the Pensions Regulator (tPR) is currently investigating the complaint by Jane Hutton, who has served on the trustee board overseeing the USS, that she was frustrated in her bid to find out if the deficit was put at too high a level in 2017.

Finally, it is interesting to note that the regulator rebukes the USS in relation to the bond- or gilt-based valuation. In setting out its approach to valuing the scheme, the USS said the regulator ‘prefers measuring discount rates relative to gilts’. But such a statement was described as ‘incorrect’ as the watchdog had no preferred approach to setting discount rates. As for the other statement where the USS said the ‘discount rate adopted for the 2017 valuation of gilts + 1.20 per cent is still above the level the Regulator views as appropriate’, the regulator said this was ‘factually incorrect’ as it had ‘not commented specifically’ on the level of the discount rate. Note that First Actuarial, the actuary for the University and College Union, uses the cash-flow valuation approach and finds no funding problem with the USS.

Notes:
1. See footnote 4 of the letter by Bernard Casey and John Ralfe.
3. For further details about the meeting, see https://blogs.warwick.ac.uk/dennisleeph/entry/uss_institutions_meeting/.
4. See https://www.ft.com/content/fdf66d42-83ab-11e9-b592-5fe435b57a3b.
5. See https://www.ft.com/content/3b6a2f18-8e94-11e9-a1c1-51bf8f989972.

EUROMOD produces policy briefs for the European Commission

EUROMOD, the tax-benefit microsimulation model based at the Institute of Social and Economic Research (ISER) at Essex University has been used to produce analyse the distributional impacts of tax-benefit changes being considered by the Commission’s Joint Research Centre. The analysis is contained in four briefs:

Increasing progressivity in flat-tax countries: potential positive equity and efficiency impacts shows that moving away from the kind of flat income tax schedules favoured by several Central and Eastern European countries in recent decades could lead to reductions in income inequality without hindering economic performance.

The fiscal and social cost of tax evasion: the impact of under reporting of income by the self-employed addresses the issue of income underreporting by the self-employed, noting that this form of tax evasion not only depresses revenues but also has negative distributional impacts due to the typical location of the self-employed in the higher end of the income distribution.

Old welfare in new labour markets? The social protection of atypical workers highlights that atypical workers are in general less well protected than traditional employees by the tax-benefit system in the event of unemployment. Simulations using EUROMOD show that extending unemployment insurance to the self-employed would significantly improve their income protection and lessen their exposure to the risk of poverty on becoming unemployed.

The budgetary and redistributive effects of wealth-related taxes. Looking at a selected group of EU countries finds that the redistributive effects of wealth-related taxes, as currently designed, are generally negligible. even though revenue collection from wealth-related taxes differs widely in a sample of six EU countries. While wealth-related taxes in Belgium and France raise, respectively, about 3.5 per cent and 4 per cent of the value of GDP, the figure in Germany is only 1 per cent.

Further details can be found at: https://www.iser.essex.ac.uk/2019/06/03/iser-research-informs-new-european-commission-policy-briefs-on-fairness

Interested in EUROMOD?
ISER will be running a EUROMOD Training course 20-22 November 2019.

Further details from: euromod@essex.ac.uk
Features

Economics Network

Developments in Economics Education Conference – Booking Open!

Booking for the 10th DEE conference is now open on our website! You can also book accommodation for the conference directly through the venue (see the travel and accommodation section). Earlybird prices are available until 26 July.

We are also delighted to announce our two keynote speakers for the conference, Lord David Willetts (Resolution Foundation) and Professor David Colander (Middlebury College).

We have opportunities for exhibitors who wish to have a stand at the conference or include information in the conference pack. Further information on this is available on our website.

Economics Network Teaching Awards 2019

We are accepting nominations for our 2019 teaching awards in the categories of ‘Outstanding contributions to economics education’ and ‘Best new lecturer’. The awards will be presented at the DEE conference in September.

To find out more about the criteria and to nominate a colleague, please visit the awards page of our website.

Information on Data visualisation

To explore the proliferation of online charting tools, we have developed a help sheet that looks at some of the services available with examples from economics. The web page includes charts created on each of the services for comparison. Find out more on our website.

Apply to become an Associate

We have opened applications for new Associates and Senior Associates of the Economics Network. Our Associates are experienced members of the higher education economics community and are vital to the work of the Economics Network. We have detailed the criteria for the two roles on our website and would particularly encourage applications from women and BAME individuals.

Employers Survey

Our survey of employers of economics graduates is open. This survey improves our understanding of the skills economics graduates need in the workplace, establishes whether employers think graduates generally possess the required skills and knowledge, and reveals any clear shortfalls in order to inform the UK economics academic community.

If you have any contacts at employers, we would appreciate it if you could circulate the link and encourage them to complete the survey. The results will be presented at the DEE conference.

International Review of Economics Education - Call for Papers

The International Review of Economics Education will publish a special issue on the theme of online teaching, learning and assessment in economics in 2020. The special issue will focus on innovation in teaching, learning and assessment in the blended and online learning space.

For further information, please see the special issue web page.

Jobs on the EN website

We have a jobs page on our website dedicated to advertising teaching roles in higher education. If you are looking for new opportunities or have job adverts for your institution that you would like included on the page, please get in touch.
New research on globalisation, uncertainty, growth, wellbeing and economic policy

The Centre for Competitive Advantage in the Global Economy (CAGE) is hosting a #CAGEPolicy conference at the University of Warwick on Thursday 27 June 2019, featuring a number of top economists and political scientists associated with the Centre plus leading policy-makers and commentators. Sadly, by the time readers receive this Newsletter it may be too late to register. We are pleased therefore to provide summaries of the research findings to be discussed¹, together with sources of further information².

Brexit Uncertainty: The damage to UK investment and productivity

The majority of businesses in the UK report that Brexit is a source of uncertainty. Research by Professor Nick Bloom and colleagues uses survey responses from around 3,000 businesses to evaluate the level and impact of this uncertainty.

The study finds that Brexit uncertainty has already reduced growth in investment by 6 percentage points and employment by 1.5 percentage points, and is likely to reduce future UK productivity by half of a percentage point.

The Global Economy hit by higher uncertainty

According to the latest IMF projections, the global economy is now projected to grow at 3.3 per cent in 2019, down from 3.6 per cent in 2018. This is partly due to rising uncertainty in many parts of the world.

Research by Professor Nick Bloom and colleagues shows how these statements are in line with the latest reading of the World Uncertainty Index, which shows a sharp increase in the first quarter of 2019. The increase in uncertainty observed in the first quarter could be enough to knock up to 0.5 per cent of global growth over the course of the year.

Brexit: Blame it in the banking crisis

Brexit in 2019 and the banking crisis in 2007 to 2009 are usually seen as unrelated events. Research by Professor Nicholas Crafts argues that they are in fact closely connected. The austerity policies embarked on in response to the fiscal damage resulting from the banking crisis triggered the protest votes of left-behind voters, which at the margin allowed Leave to win the referendum vote.

The implication is that the economic costs of the banking crisis are much larger than is usually supposed.

Austerity caused brexit

Research by Thiemo Fetzer uses regional-level data on spending and voting behaviour, as well as individual-level survey data, to argue that the austerity policies in place in the UK since 2010 were an important contributing factor to the vote to Leave.

Estimates suggest that the close-run referendum could have resulted in a victory for Remain had it not been for austerity.

Growing, shrinking and long-run economic performance

Most analysis of long-run economic performance abstracts from short-run fluctuations and seeks to explain improved performance through an increase in the rate of growth. Using data on annual rates of change of per capita income reaching back to the thirteenth century for some countries, Professor Stephen Broadberry and colleagues show that improved long-run performance has actually occurred primarily through a decline in the rate and frequency of shrinking.

Structural change, technological change, demographic change and the changing incidence of warfare offer at best a partial explanation; a full understanding requires a consideration of institutional change.

British economic growth, 1270-1870

CAGE researchers led by Professor Stephen Broadberry have produced the definitive account of Britain's economic evolution from a backwater of Europe in 1270 to the hub of the global economy in 1870. They reconstruct Britain's national accounts for the first time right back into the thirteenth century to show what really happened quantitatively during the centuries leading up to the Industrial Revolution.

Contrary to traditional views of the earlier period as one of Malthusian stagnation, the study reveals how the transition to modern economic growth built on the earlier foundations of a persistent upward trend in GDP per capita which doubled between 1270 and 1700.

How happy were our ancestors? Two centuries of data reveal shifting patterns of wellbeing

A nation’s books can tell us how happy its citizens have
been through the centuries, according to research by Professor Daniel Sgroi and colleagues. While economists have been measuring global happiness since the 1970s using surveys, there has been no way to create a long-run index of happiness – until now. The authors performed semantic analysis using the Google books digitisation project to estimate happiness in the United States, the UK, Germany, France, Italy and Spain since 1776 by measuring the ‘mood’ of the words in the text.

The results indicate that the 1920s, the Great Depression era, and World Wars I and II were clear influences on subjective wellbeing in the UK. There was a notable boost to happiness after World War II – a period of high aspirations – and then a fallback – perhaps as those aspirations fail to be achieved – to the trough during the ‘Winter of Discontent’ in the late 1970s.

Happiness and productivity

Some firms say they care about the well-being and ‘happiness’ of their employees. But are such claims hype or scientific good sense? Research by Professors Andrew Oswald, Daniel Sgroi and Eugenio Proto provides evidence, for a classic piece-rate setting, that happiness makes people more productive. In three different styles of experiment, randomly selected individuals are made happier. The treated individuals have approximately 12 per cent greater productivity.

A fourth experiment studies major real-world shocks: bereavement and family illness. Lower happiness is systematically associated with lower productivity. These different forms of evidence, with complementary strengths and weaknesses, are consistent with the existence of a causal link between human wellbeing and human performance.

The middle life low in human beings: A fundamental scientific puzzle

Something fundamental is going wrong in midlife in the rich countries: it is visible in data on suicide, work stress, happiness, sleep and much more. According to Professor Andrew Oswald, this pattern is a fundamental scientific puzzle. ‘We need to learn how to weave together different kinds of evidence on human wellbeing’, he says: ‘Only feelings matter.’

Most textbooks in social psychology teach students the idea that happiness and psychological wellbeing are essentially independent of age. Based on data on 1.3 million randomly sampled individuals across a large number of countries, Professor Oswald’s work shows instead that humans have a fundamental tendency to a midlife low, which is apparently substantial and not minor.

Erasing ethnicity in Rwanda: New evidence on propaganda, nation-building and identity

New research by Professor Sharun Mukand and colleagues examines whether propaganda broadcast over radio helped to promote nation-building and to change inter-ethnic attitudes in post-genocide Rwanda. The study makes use of variation in exposure to the government’s radio propaganda due to the mountainous topography of Rwanda to investigate possible shifts in ethnic salience, cooperation and inter-ethnic trust.

The results of lab-in-the-field experiments show that individuals exposed to government propaganda have lower salience of ethnicity, increased inter-ethnic trust and show more willingness to interact face-to-face with members of another ethnic group. This suggests that the observed improvement in inter-ethnic behavior is not cosmetic, and reflects a deeper change in interethnic attitudes.

The findings provide some of the first evidence suggesting that the salience of ethnic identity is a socio-political construct that can be manipulated by governments.

Globalisation and preferences for redistribution

The uncertainty created by market integration about job security and future economic development can spur not only the demand of voters for compensation in the form of social security but also supports populist tendencies. These preferences come in different guises, such as general demands for protecting the domestic economy, negative attitudes towards the influx of immigrants and appeals for redistributionist policies.

These shifts in individual preferences and attitudes will influence policy outcomes in democracies because incumbent governments need to take the preferences of pivotal political actors into account if they want to stay in office.

Research by David Rueda and colleagues challenges the common belief that cultural heterogeneity reduces the support of the poor for redistribution. Instead, they show that differences in support for redistribution has much more to do with the differential altruism of the rich.

Globalisation and public finances

To understand how global market integration affects policy-makers and institutions, especially with regard to the provision of public goods and deficit spending in western democracies, it is important to understand what governments seek to achieve; how they respond to domestic constraints and changes in voter preferences; how international and domestic influences come together to determine policy choices; and what role the institutional and historical contexts play.
Research by Vera Troeger and colleagues shows that a major constraint to the ability of governments to provide pre-electoral fiscal gifts is fiscal transparency, which induces governments to shift resources between budget items rather than finance pre-electoral spending through the increase of deficits.

In related work, she shows that the size of welfare spending is not necessarily a good predictor for politically and socially relevant outcomes such as longevity, social mobility and poverty. The design of social policies is as least as important as the money that is spend on them.

Notes:
1. The summaries were provided by Romesh Vaitilingam, whose help we are pleased to acknowledge.
2. The programme for the #CAGEPolicy day can be found at: https://warwick.ac.uk/fac/soc/economics/research/centres/cage/events/27-06-19-policy_and_the_uk_s_competitive_advantage_evidence_from_10_years_of_research/programme/

Rebuilding Macroeconomics

After economists and traditional economic models failed to predict the financial crash of 2008, many called for a rethink on how we study macroeconomics. This is what led to the creation by the Economic and Social Research Council of a new Network, Rebuilding Macroeconomics, led by Dr Angus Armstrong.

Rebuilding Macroeconomics is a four year research network supported by the Economic and Social Research Council (ESRC). Its aim is to transform macroeconomics back into being a policy-relevant social science. At the end of the four year horizon, the intention is to deliver a ‘road-map’ to the ESRC showing avenues of research that have has the most transformative potential and whether academic and policy institutions.

The Network champions new interdisciplinary approaches to studying the macroeconomy, and investigates new methodologies which offer alternatives or complements to mainstream macroeconomic models. It funds innovative new research initiatives and explores creative and fresh approaches and methods to studying the field. The aim of the Network is to transform the field of macroeconomics into one that is once again useful and relevant to policymakers and the public, asking and answering questions about economic issues affecting the real world and the people in it.

The network’s activities are structured around the concept of ‘Research Hubs’. There are six hubs, each of which addresses a specific ‘real world’ macroeconomic issue and aims to ask relevant questions, chosen after extensive consultation with academics and the public. Hubs are settings for scholars and practitioners to explore and learn from each other, and to consider possible new methods of investigation. The hubs are:

- Globalisation
- Macroeconomic instability
- Macroeconomic institutions
- Social Macroeconomics
- Sustainability
- Macroeconomic Finance

The hubs and their activities can be accessed at: https://www.rebuildingmacroeconomics.ac.uk/big-questions/research-hubs/

Conferences promoted by RM:

Second Annual Conference - 19-20 September 2019
Rebuilding Macroeconomics will hold its second Annual conference in Edinburgh to discuss what interdisciplinary research can really offer macroeconomics, on 19 and 20 September 2019.

Women in Economics - 6 November 2019
We will hold our second ESRC Festival of Social Science event at Girton College, Cambridge to celebrate research by female economists and discuss the barriers facing female economists today.

Complexity and Macroeconomics - 27 November 2019
With the OECD’s NAEC initiative, Rebuilding Macroeconomics will hold a one-day conference to discuss complexity science in macroeconomics, at the National Institute of Economic and Social Research.

Details of the conferences can be found at: https://www.rebuildingmacroeconomics.ac.uk/events/
RES Education & Training Committee Chair
The Royal Economic Society is inviting expressions of interest for the chair of its new Education and Training Committee. The chair will be a senior UK-based economist with extensive experience of economics education. Active involvement in graduate research training and some prior involvement with the Society’s activities are desirable.

Further information including the remit and person specifications can be found on the RES website (requires login to view). The deadline for applications is Monday 23 September 2019. To apply please email the RES office (RESoffice@res.org.uk) and include a CV.

If you have any questions about the role please contact the RES Secretary-General, Denise Osborn (secretary-gen@res.org.uk).

Member Directory launching soon
Shortly we will be launching the Member Directory on the website — a searchable database that you can use to find other members according to their interests and location. For your details to be included on the directory, please log into the website, visit the MYRES section of the RES website and select ‘Update details’. Here you can update your directory preferences and choose whether to share your details with other members.

Expression of interest for the RES Conference
The Royal Economic Society (RES) is seeking expressions of interest to host the RES Annual Conference. We are currently planning venues for the 2022, 2023, 2024 and 2025 conferences. For questions, please contact the Conference Team on events@res.org.uk and/or Michael McMahon (Conference Secretary, michael.mcmahon@economics.ox.ac.uk). Those who wish to express an interest should notify the RES Conference Team on the above email address by Friday 13 September 2019.

ESCoE Conference
The Royal Economic Society offered a top group of PhD students financial assistance to attend the Economic Statistics Centre of Excellence (ESCoE) annual conference. This was held at King’s College London (8-10 May 2019) in partnership with the Office for National Statistics (ONS).

Andreas Freitag of the University of Basel was one of the recipients, whose paper ‘Exchange-rate pass-through via the supply side’ shows how firms adjust products in response to an exchange-rate shock. Andreas presented his paper on the first day of the conference and said: ‘The conference was great, the presentations, the panel discussions and the keynote speakers were all very inspiring.’

Another recipient was Cian Allen of Trinity College Dublin. He presented his research at the conference’s poster session on cross-border financial flows and the distortion multinational profits can have on the current account balance. Cian said: ‘I’m very grateful for the RES’s support in attending this conference on measurement issues … As a user of this data, the conference was a great opportunity not only to talk to the people that compile this data, but to listen to the solutions they propose to tackle these difficulties.’

Tahnee Ooms of the University of Oxford chaired a session on ‘Inequality and Distribution’ and presented her own research on inequality statistics. Tahnee found that about 40 per cent of capital incomes, as measured in tax administrative data, are not accounted for in UK inequality statistics, produced by the Department for Work and Pensions (DWP) and the Office for National Statistics (ONS). Tahnee said: ‘The Royal Economic Society award has enabled me to bring this finding, and my proposed solutions, to the attention of both the ONS and DWP. Both have reacted positively to the results presented, highlighting the potential to correct for this measurement error in the official inequality series in the future. The RES has been helpful in establishing this direct connection between academia and the real world.’

Presenting his research at the conference's poster session, Nam Vu from the University of Swansea said it was a great opportunity to meet other researchers. His research paper - 'Quality of Goods and Price Setting' - looks at the impact of product quality on price-setting, finding that the prices of low-quality goods are stickier than high quality goods. Nam attended the RES 2019 Annual Conference as well as the ESCoE Conference, which he described as ‘great opportunities for a PhD student like me to meet other researchers from all over the UK and European countries’.

He added: ‘These unique opportunities can greatly expand your knowledge and help you to have a good direction not only for your research but also for your career.’

Photos and videos from the 2019 Annual Conference
The Royal Economic Society’s 2019 Annual Conference took place 15 - 18 April at the University of Warwick.
The Conference featured keynote lectures by Prof Anne Case (Princeton), Prof James Heckman (Chicago), Prof Eliana La Ferrara (Bocconi) and Prof Peter Neary (Oxford) dozens of general, special and plenary sessions.

We have now published photos and videos from the conference which can be viewed on our website - https://www.res.org.uk/

Undergraduate Video Competition
The Society is offering UK undergraduate students the chance to win £1,000 by creating a 3-minute video on a topical economic issue.

Individuals or teams of up to six students are invited to create a video exploring how economics can be used to understand current issues. There are no set topics - previous winners and runners-up have focus on automation, the gender pay gap and more. The video can take whatever form students feel is appropriate (including animation, news bulletins or interviews) so long as it is clear and understandable to a wider audience.

As well as a £1,000 cash prize, the winner will receive a year's student membership to the Royal Economic Society. Students have until Friday 26 July 2019 to produce and submit their videos using the form on our website: res.org.uk/videocompetition.html

New RES staff member
The Society welcomes Bradley Davies, who joined the Society in April 2019. He studied at King’s College London and has a background in digital media, having previously worked for the World Organisation for Animal Health in Paris and Age UK in digital communication and marketing roles.

Bradley is based in our central office in Westminster and can be contacted via email at: media@res.org.uk.

Conference diary

2019

July

4 - 5 July  
Leicester

IAESV workshop on Economics for the Social Good.

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

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

Further information:
https://www.eventbrite.co.uk/e/iaesv-workshop-on-economics-for-the-social-good-tickets-55758837183

9 July  
Manchester

Discover Economics

The Discover Economics Day is a free event for Year 12 students to discover more about what economics is really about.

The day will consist of a series of interactive, educational sessions to help them find out what economists do as they demonstrate the tools that they use to ask real world questions. It will show how economics provides a clear way of thinking about how people make choices.

There will be opportunities to meet University staff and students dealing with current issues in economics and to find out more about the economics courses at Manchester and the career opportunities available for economics graduates.

Students will discover how studying economics can provide the toolkit to investigate the questions that we are all passionate about.

The Discover Economics Day is presented in association with The Royal Economic Society.

Further information:
https://www.manchester.ac.uk/study/undergraduate/aspiring-students/discover-days/economics/
11 July London

Economics Experience Day

The Department of International Business and Economics is delighted to invite teachers, and their Year 12 and 13 students, to an Economics Experience Day, held on our Maritime Campus in Greenwich on the 11th of July, from 2:00pm to 5:00pm. Registration will be from 1:30pm.

The event offers unique opportunities to:
• Experience economics, with hands-on interactive activities to explore real world economics.
• Participate to current economic debates, conversing with professional economists and practitioners.
• Learn and reflect about what economics graduates can do with their Economics degree.
• Network with academics and experts.

The event is sponsored by the Royal Economic Society.

Further information: https://www.gre.ac.uk/events/upcoming-event/?e=562

14 July - 3 August Warwick

Warwick Summer School in London 2019

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

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

16 July Buckingham

The Institution of Money

The Institute of International Monetary Research (IIMR) is delighted to announce a series of four lectures on money, banking and central banking by our colleague, Professor Pedro Schwartz (IEA and IIMR fellow), in collaboration with the Vinson Centre for Liberal Economics and Entrepreneurship: History of Monetary Thought through the eyes of the Classics.

The nature of the topics to be covered in the lecture series is very much interdisciplinary. One of our main aims at the IIMR is to show the need to incorporate historical and institutional analysis in the understanding of money and banking, as well as the decisions made by central banks nowadays. We are delighted and very privileged to have an excellent speaker to address these topics; he has a very comprehensive background in Economics and Humanities and vast experience in the teaching of these topics in several universities; he also has experience in policy-making as a former member of the staff of a national central bank and a former advisor to the ECON Committee of the European Parliament, among other institutions.

Those interested in attending the lectures please RSVP Gail Grimston at gail.grimston@buckingham.ac.uk


17 July Buckingham

The ‘Quantity Theory’

This is the second of four lectures on money, banking and central banking by our colleague, Professor Pedro Schwartz. Further details appear above.

31 July Buckingham

Money in an Open Economy

This is the third of four lectures on money, banking and central banking by our colleague, Professor Pedro Schwartz. Further details appear above.

August

1 August Buckingham

Central Banking

This is the last of four lectures on money, banking and central banking by our colleague, Professor Pedro Schwartz. Further details appear above.

30 August - 1 September Barcelona, Spain

The Barcelona Graduate School of Economics (GSE) and the PPSRC-IESE (Public-Private Sector Research Center) are organizing the 46th Annual Conference of the European Association for Research in Industrial Economics (EARIE). We are pleased to announce the two keynote speakers for EARIE 2019:

Kate Ho (Princeton University)
Alessandro Gavazza (London School of Economics)

Further information: https://www.barcelonagse.eu/earie2019
September

4-6 September London

The 50th Anniversary Conference of the Money, Macro and Finance Research Group will be held at the London School of Economics. Keynote speakers include:

Monica Piazzesi (Stanford University)
Mark Gertler (New York University)
Philip Lane (Governor, Central Bank of Ireland (currently); Executive Board Member, European Central Bank)
Maurice Obstfeld (University of California, Berkeley)
Don Kohn (Brookings and FPC, Bank of England)
Alan Blinder (Princeton University)

Further information: https://sites.google.com/site/mmf-conferences/anniversaryconference

9-10 September Oxford

22nd Dynamic Econometrics Conference

The Dynamic Econometrics Conference provides a forum for the presentation and exchange of research results and practical experience within the fields of computational and financial econometrics, empirical economics, time-series and cross-section econometrics, and applied mathematics. The conference program will feature contributed paper sessions, poster sessions, PhD SPEED presentations, and the invited Ana Timberlake memorial lecture. The conference will also feature a panel discussion with developers of the OxMetrics econometrics software, including Jurgen A Doornik, David F Hendry, Siem Jan Koopman, and Sébastien Laurent. The conference (previously named the OxMetrics User Conference) is open to all those interested, and not just to OxMetrics users.

Further information: http://events.timberlake.co.uk/event/22-dynamic-econometrics-conference

11-13 September Warwick

Developments in Economics Education Conference

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

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

19-20 September Edinburgh

The second annual conference of Rebuilding Macroeconomics. (See above, p.21)

20-22 September Nottingham

6th InsTED Workshop on Advances in Institutions, Trade and Economic Development

The workshop will take place at the University of Nottingham, UK, 20-22 September 2019 and is sponsored by the School of Economics, University of Nottingham.

Submissions are invited at the intersection or union of institutions, international trade and economic development. Topics could include, but are not limited to, the role of international institutions such as the WTO, and the impact of domestic economic or political institutions such as property rights or democracy on international trade and/or economic development.

The registration fee will be £120.

Further information: isleide.zissimos@gmail.com

26-27 September Oxford

5th Oxford-Federal Reserve Bank of New York Monetary Economics Conference

Submissions are invited for the 5th joint Oxford-NY Fed Monetary Economics Conference, to be held at the University of Oxford from Thursday September 26 to Friday September 27, 2019.

All papers relating to all areas of monetary economics will be consider. Presenters will be offered accommodation and meals for the duration of the conference at Christ Church College, Oxford.

Participants are expected to cover their own travelling costs. At this stage, Philippe Bacchetta (University of Lausanne), Gianluca Benigno (Federal Reserve Bank of New York and London School of Economics) and Jonathan Heathcote (Federal Reserve Bank of Minneapolis) have confirmed their participation.

Further information: http://users.ox.ac.uk/~exet2581/OxNYFed-5th-call-for-papers.pdf
October

3-4 October  
Turin

The Seventh Workshop in Macro Banking and Finance will take place at Fondazione Collegio Carlo Alberto, University of Torino, on October 3-4, 2019. The workshop continues the tradition of yearly meetings among macro-monetary, banking, and financial economists, kindly sponsored by Unicredit Foundation. Its goal is to promote synergies and foster interaction between researchers and institutions.

Antonella Trigari (Università Bocconi) and Josef Zechner (WU Vienna) will deliver the invited lectures.

Further information: https://www.carloalberto.org/7th-workshop-in-macro-banking-and-finance/

10-11 October  
Louvain, Belgium

The Joint Research Center of the European Commission (JRC-EC, Ispra), the National Bank of Belgium (NBB), the Katholieke Universiteit Leuven (KULeuven), the Université Catholique de Louvain (UCLouvain), the Universiteit Gent (UGhent), the Université Libre de Bruxelles (ULB), and the Université de Namur (UNamur) are organizing the annual conference on real-time data analysis, methods, and applications in macroeconomics and finance, which will be held at the National Bank of Belgium on Thursday and Friday, October 10–11, 2019. The conference will bring together leading researchers in real-time analysis of economic data and will cover topics such as real-time macro- and financial econometrics, forecasting, and macroeconomic policy analysis, among others.

Further information: https://www.nbb.be/en/publications-and-research/research-cooperation/conferences

17-20 October  
Miami, USA

The 88th International Atlantic Economic Conference

The mission of the conference is to create a platform where economists and finance experts from academe, government, and the private sector can present their research results, exchange ideas and network in a collegial environment. Meetings also provide opportunities for participants to renew acquaintances and to forge new ones. Distinguished delegates from around the world gather to present, discuss, and exchange valuable information in the fields of economics, business and finance. Participants share drafts of their research with their session colleagues 30 days in advance of the meeting to facilitate dialogue at the conference.


November

4-5 November  
London

Modelling with Big Data and Machine Learning: Interpretability and Model Uncertainty

The Bank of England (BoE) and the Data Analytics for Finance and Macro (DAFM) Research Centre at King’s College London have recently initiated a series of annual scientific conferences to discuss these advances. Two issues form the focus of this two-day conference. The first relates to a commonly cited weakness of ML methods when applied to economic problems and data, which is lack of interpretability of ML model outputs. This makes the adoption of such models difficult for economists who wish to have a more structural understanding of the underlying economic issues. The second, and related, focus is on the estimation and/or calibration of the uncertainty associated with model outputs. Both these matters have not received as much attention in the mainstream ML literature as economists would like it to. We invite you to submit empirical, methodological or theoretical work leveraging on new granular data sources or exploring recent analytical development addressing the above issues and which can be relevant to economic and financial studies or decision making. Full papers should be submitted to dafm@kcl.ac.uk by 4 August 2019.

Further information: http://www.cvent.com/d/v6qq03

6 November  
Cambridge

Women in Economics (see above, p.21)

7-8 November  
Stockholm

15th Annual Central Bank Conference on the Microstructure of Financial Markets

This annual central bank workshop, sponsored by the Sveriges Riksbank, invites researchers, policy-makers and practitioners to discuss theoretical work, empirical findings and policy implications related to the microstructure of financial markets.

Further information: www.riksbank.se/en/research/conferences
**15-16 November**  
**Tbilisi, Georgia**

**International Conference on Gender Economics.**

The FREE Network — the Forum for Research On Eastern Europe and Emerging Economies — and the International School of Economics at Tbilisi State University (ISET) and its Policy Institute, are delighted to extend a warm invitation to participate in an international conference on gender economics entitled: ‘Removing Obstacles to Gender Equality and Women’s Economic Empowerment’. The conference is organized as part of the FROGEE initiative — the Forum for Research on Gender Economics — supported by the Swedish International Development Agency (Sida) and coordinated by the Stockholm Institute of Transition Economics (SITE). The objective of the conference is bringing together researchers, policy-makers, and the broader development community to discuss the obstacles to gender equality and women’s economic empowerment, and policies to remove existing constraints, with a focus on Eastern Europe and Emerging Economies.

*Further information:*
https://inomics.com/conference/international-conference-on-gender-economics-1387565

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**29-30 November**  
**Dresden, Germany**

CESiifo, the Center of Public and International Economics (CEPIE) at TU Dresden and the ifo Institute, Dresden Branch, will jointly organize a workshop on Political Economy. In the tradition of the previous workshops, the conference will take place in Saxony’s capital Dresden. The two-day workshop will serve as a forum to present current research results in political economy and will give researchers the opportunity to network.

The keynote speakers will be:
Alois Stutzer (University of Basel)
Heinrich Ursprung (University of Konstanz)

*Further information:*
https://www.cesifo.org/en/node/42369

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**27 November**  
**London**

**Complexity and Macroeconomics** (See above, p.21)

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**December**

**13-14 December**  
**Bangalore**

**International conference on economics and finance**

SVKM’s NMIMS, Bangalore Campus, in collaboration with The Indian Econometric Society, is pleased to announce the 2nd edition of its International Conference on Economics and Finance (ICEF-II), to be held on 13th and 14th December, 2019.

The conference theme revolves around ‘Opportunities and Challenges for a Global Economy — Economics and Macro Finance’. It will provide a platform to young and experienced researchers to interact on the inter-linkage of financial markets between developed and developing nations.

Selected Unpublished Manuscripts which are not under review at any journal may be considered for publication in the special issue of Emerald Publishing *Journal of Research in Finance*, indexed in ABDC-C category, Scopus and UGC list. The deadline for submission is **November 15, 2019**.

*Further information:*
https://nmimsbengaluru.org/international-conference/
Membership of the Royal Economic Society 2019

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

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

Membership subscriptions 2019

<table>
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<tr>
<th>Membership Type</th>
<th>Price</th>
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</thead>
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<tr>
<td>RES Member: Print + Online 1 year</td>
<td>£59</td>
</tr>
<tr>
<td>RES Member: Online only 1 year</td>
<td>£41</td>
</tr>
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<td>RES Member: Online only 3 years</td>
<td>£107</td>
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<td>RES Student Member: Online only 1 year</td>
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<td>RES Student Member: Online only 3 years</td>
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<td>RES Retired Member: Online only 1 year</td>
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<td>RES Retired Member: Print + Online 1 year</td>
<td>£32</td>
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<tr>
<td>RES Developing Countries Member: Print + Online 1 year</td>
<td>£32</td>
</tr>
<tr>
<td>RES Developing Countries Member: Online only 1 year</td>
<td>£24</td>
</tr>
</tbody>
</table>

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

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