



# NEWSLETTER

Issue no. 114

July 2001

## The conference issue

The Society's Annual Conference was held in April this year at the University of Durham. Its slightly shorter and more intensive format made it even more intellectually (and socially) challenging than usual but it was, as always, extremely well-organised and hosted. We were fortunate this year in having Faisal Islam, economics correspondent of *The Observer* to report on the speeches and papers and his heroic summary appears on page 6 of this issue. The Annual Conference also receives a report from the Secretary-General and this too is included here.

Another regular feature in the July issue is Ray Rees's Letter from Germany. This year the Letter has a particularly seasonal flavour, in its description of Munich beer gardens, but also shows what happens when the German love of civic order clashes with the German love of beer.

Provoked by Alf Hagger's article in the April *Newsletter*, Geoff Harcourt explains why he is not an 'economic rationalist', and in so doing treats us all to a lesson in how to read Adam Smith correctly.

Readers of this *Newsletter* will be familiar with Manfredi La Manna's project to bring the publication of academic journals into the twenty-first century. In this issue, Yew-Kwang Ng has a more modest plan for making major environmental savings from changes to standard editorial procedures.

We also highlight an important message from John Beath about the Research Assessment Exercise and, at the invitation of the Society's Committee on Women in the Economics Profession, Amanda Rowlett analyses the data for women in the Government Economic Service.

In addition to all this we have the regular items of RES News, Conference Diary and letters from readers, with more than the usual amount of controversy.

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## 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:

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

## Next issue

### Newsletter No. 115 - October 2001

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

**17 September 2001**

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

**18 September 2001**

## Contributions from readers

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

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

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**[www.res.org.uk](http://www.res.org.uk)**

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# Annual Report of the Secretary-General

*The Secretary-General, Professor Richard Portes, gave the following report on the Society's activities at its Annual General Meeting, held on 10th April during the 2001 Annual Conference at Durham.*

Last year's Annual Conference celebrated the millennium by going to St Andrews in July. So this Annual Report in fact covers only the nine months since I presented the Report for 1999-2000. During that abbreviated period, however, there have been several important developments in the life of the Royal Economic Society.

First, Partha Dasgupta has reached the end of his three-year term as President of the Society. He has directed the Society's activities with imagination, launching several new initiatives, and determination, so that these have actually yielded results. Most important, he has brought his own special combination of intellectual distinction and good humour to the RES. All who have been involved with the Society have benefited from his leadership. We shall have him on the Executive Committee for a further year and will expect him to play a significant part in the RES for many years to come.

At this Annual Meeting, Stephen Nickell assumes the Presidency for the coming three years. We welcome him and look forward to further development of the Society under his direction.

The past nine months have seen the Society take important steps towards raising and improving the public profile of the economics profession; start a second 'Easter School'; renovate the *Newsletter*; and resume the RES Junior Fellowship awards. I shall summarise progress with our publications, the Annual Conference, the work of RES committees, and the various forms of support we provide for members of the Society.

## Publications

The *Economic Journal* is now in the third year of its new structure, and we have considerable positive reaction from the profession to the clear separation of the issues with refereed papers from those with the wide range of features that the *Journal* has developed over the years. Submissions, quality of accepted papers, and citations are all rising. Blackwells have been innovative in offering internet access, and we are confident the *Economic Journal* will continue to raise its impact on economic research and the dissemination of its findings. Roger Backhouse completed a long term as Book Reviews Editor of

the *EJ*, and we thank him warmly on behalf of the Society and the profession for his tireless scholarly endeavours. Jayasri Dutta succeeds him in this key role. Costas Meghir has stepped down as a Managing Editor, to be replaced by Gerard van den Berg. The membership subscription has been frozen at its 1998 level for three years now. All members receive the *EJ* and also have free access to the on-line *Econometrics Journal*, which has quickly become a leading journal and also provides significant on-line services.

Peter Howells has improved the appearance of the *Newsletter* and has taken more control over its production. The result has been a better product delivered with shorter publication lag. Extracts from the *Newsletter* are now available on the Society's web page and it is possible that the whole issue may be placed there in future, in .pdf format. The series of articles on the life of economists in various occupations has been enlightening and popular. The RES web page itself is now being redesigned, and the new version will be launched later this year.

Material in the Society's publications and papers presented at the Annual Conference now enjoy a much enhanced visibility for the general public, thanks to the work of our media consultant, Romesh Vaitilingam, who is assisted by Niall Flynn. Newspapers and broadcast media are now paying attention not just to the occasional piece on a hot topic. We are getting keen interest in a wide range of research that brings something new to our understanding of economic behaviour, often with policy implications. This should over time help to improve the public perception of economics.

## Annual Conference

This Conference at Durham is the third in Jonathan Haskel's tenure as Conference Secretary, and we are grateful to him for the efficiency with which he organises it. Carol Propper, as Programme Chair, has imposed her own intellectual stamp on the proceedings with great success. The two named plenary lectures are now given in honour of Frank Hahn and Denis Sargan, and for these and for the *EJ* and *Review of Economic Studies* lectures we have had superb, stimulating presentations by colleagues from the Continent and the United States. Simon

Parker has served very effectively as Local Organiser, working with Matteo Ionizotti and Martin Robson. The fifth winner of the Austin Robinson Memorial Prize for the best paper by a young economist was Rob Euwals (IZA, Bonn), whose paper 'Female Labour Supply, Flexibility of Working Hours, and Job Mobility' was presented at the St. Andrews Conference and published in the EJ Conference Issue of March 2001. The 2002 Annual Conference will be held at Warwick University. David Miles will be the Programme Chair.

## RES Committees

Carol Propper, who has chaired the Committee on Women in the Economics Profession since the RES created it, is now stepping down. Heather Joshi will be the new Chair. The Committee's regular reports on data will appear in the *Newsletter*. The Society continues its interchanges with funders and users of economic research and employers of economists through the Research Liaison (with ESRC) and Public Sector Economists Liaison Committees. The Committee of Heads of Departments of Economics (CHUDE), chaired by John Beath, deals with issues of concern to the UK economics community. The committee on the public profile of economics, chaired by Barry McCormick, is proceeding to develop plans for a series of public lectures for non-specialists, especially oriented towards school students, as well as teaching materials; they are also intending to conduct a survey of attitudes towards economics. David Ulph is organising a series of interdisciplinary workshops intended to bring economists together with researchers in other fields on topics of common interest, such as environmental economics and behavioural economics.

## Support for members

The Junior Fellowship scheme was run again last year, and three Fellowships were awarded. This year six will be available. The Easter School for April 2001, to be held at Birmingham University, will cover international macroeconomics and labour economics, and will be led by Marcus Miller and Chris Pissarides. The annual Easter School has now been running for 12 years. It has been so successful that this year we have added a second Easter School. It will be held at Nuffield College; the topic is financial econometrics, and the lecturers are Neil Shephard and Enrique Sentana. We continue the much appreciated small budget scheme for support of research with grants up to £600 available quickly on the basis of short applications; this is very efficiently managed by Meg Mayer. The Conference Grant Scheme now dispenses £20,000 annually (a maximum of £500 for any individual grant) for members who are presenting papers or acting as discussants at conferences in the UK and abroad. Chris Milner's experienced administration of these grants is much appreciated. The Visiting Lectureships scheme continues, with up to five visits funded each year; distinguished academics visit a UK university for up to a week, meeting with staff and students and giving seminars and lectures.

## RES administration

The Society could not function without the contributions to its administration coming from Kathy Crocker, our Membership Secretary; Penelope Rowlatt, the Treasurer; and Eleanor Burke, the Administration Officer who works with the Secretary-General. I am very pleased to offer them my personal thanks as well as the appreciation of all members.

## New President and Council Members

At the Annual General Meeting of the Society held on 10 April 2001 at the University of Durham, Professor Steven J Nickell took up the Presidency of the Society for the next three years.

The following were elected to Council to hold office for five years from 2001-2006.

Evan Davis, BBC  
Richard Disney, University of Nottingham  
Paul Klemperer, University of Oxford  
Andrew Oswald, University of Warwick  
Gus O'Donnell, H M Treasury  
John Vickers, Office of Fair Trading

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## ISER - a second decade

The annual report from the Institute for Social and Economic Research at the University of Essex has just been published (*ISER Report 2000/1*).

The ISER is an umbrella organisation covering the ESRC Research Centre on Micro-social Change, the ESRC UK Longitudinal Studies Centre and the European Centre for Analysis in the Social Sciences. It specialises in the production and analysis of longitudinal datasets and maintains, amongst others, the British Household Panel Survey.

A copy of the *Report*, and details of a book containing papers based on work by ISER researchers, published to mark its tenth anniversary, are available from: [www.iesr.essex.ac.uk](http://www.iesr.essex.ac.uk)

# 2002 Annual Conference

The 2002 Annual Conference will be held at the University of Warwick from **Monday 25 to Wednesday 27 March**. The Programme Committee invites submissions of papers from academic, government, and business economists in any field of economics, econometrics, and computing for the General Sessions. Young economists (those who have spent no more than six years in professional activity since completing their first degree and who have not previously presented a paper at the Conference) are encouraged to submit papers for the Young Economists Sessions. Proposals for the organisation of Sessions on Specific Topics would also be welcome.

## General Sessions

Only **one** paper may be submitted. Papers are invited in any subject area included in the *Economic Journal*. **Three copies** of papers (**only complete papers will be considered**) should be sent by:

**19 October 2001**

to **Professor David Miles**  
**Chairperson, RES Conference 2002**  
**Imperial College Management School**  
**53 Princes Gate**  
**Exhibition Road**  
**London SW7 2PG**

Notification of acceptance will be sent by mid-December 2001.

## Young Economists' Sessions

The Young Economists' Sessions are integrated with the general sessions and the sessions on specific topics.

Young economists should submit **three copies** of papers (**only complete papers will be considered**) by

**19 October 2001**

to Professor David Miles at the address above.

Up to 24 young economists will be selected for inclusion in the Conference Programme: those selected will receive financial assistance from the Society. They will also be eligible for the £1,000 Austin Robinson Memorial Prize.

## Call for bids for Invited Sessions

In past conferences, invited sessions have been organised by major research groups and research centres on policy issues although not exclusively so.

Proposals for organising whole sessions on specific topics are invited. The proposals should be no more than a **one-page outline** and should detail the theme and give the name of a specific individual who will be responsible for the organisation of the session. The proposals should also indicate why the session might be of interest to those attending the Conference and how the costs will be covered. Names of those who would be asked to present papers should be included in the proposal. (NB. All speakers are expected to pay the conference fee.)

Proposals should be sent by

**17 August 2001**

to Professor Miles at the address above. The selection of the invited sessions to be included in the Conference Programme will be made by the Conference Committee.

# Conference Report

*The Royal Economic Society's 2001 Annual Conference was held from the 9th to 11th April at the University of Durham. This round-up of events was prepared by Faisal Islam, Economics Correspondent of the Observer.*

CONSIDER THESE two comments, articulated by non-economists just before the RES conference: 'Economists have never been so powerful,' and 'economics is the ultimate in pragmatism'. April's three-day festival of economics, hosted by the University of Durham, provided evidence to support both contentions. If power means the ability to raise billions of pounds of revenue from thin air, then Ken Binmore and Paul Klemperer must count. As the economists behind last year's sale of 3G mobile phone licenses, they will not easily be forgotten, especially by executives in the telecommunications industry. Two members of the Bank of England's macroeconomic dream team Stephen Nickell, and Charles Bean, were also in Durham, alongside emissaries from the European Central Bank.

But an economist's value isn't just measured by pounds and pence or the number of votes in monetary policy decisions. There are externalities aplenty in the market for economic research. First, its consumption by the mainstream media, which judging by the coverage afforded to the conference, is on the way up. And, perhaps more importantly, a huge proportion of the papers were of direct relevance to policy making. Economists appear to have taken on the role of dispassionate and pragmatic analysts of society. And it is an analysis that is being heard.

This might explain the 'mission creep' in microeconomic analyses of issues that could not be described as heartland economics. The causes of war, the optimal allocation of pocket money, and the effect of firing football managers are a far cry from Say's Law and Pareto optimality.

The macroeconomic research presented in Durham was remarkably well timed. Sessions on the ECB and the 'Greenspan put' greatly illuminated the actions, inactions and overreactions of the world's central bankers in the weeks after the conference.

Not all of the research was quite ready for consumption by the mass media, however, and it would be a tragedy if media coverage became an over-important totem of academic worth. But behind the quirky headlines, there was a marriage of meaty analysis and creative theorising that worked excellently. And for the purists, there were enough second-order differential equations to scare off any stray sociologists.

## Education and training

James Heckman's lecture contained sufficient heteroscedasticity, monotonicity and index sufficiency to sort the real economists from the newcomers, such as your conference reporter. The marginal treatment effect of his lecture on this journalist was not high. Then again, it appears that some of Britain's more eminent macroeconomists were also foxed by his mathe-

matical approach to estimating the return to schooling when it varies among individuals.

'I hope this isn't oversimplifying things but this is the instrumental variable,' said Heckman before thrusting " $E(Y | Z=Z) = \mu_{\delta} + \Delta + E(U_1 - U_0 | P(Z) > U_D)P$ " on to the projector.

Stephen Nickell, the new RES President, was seen to offer hearty congratulations to the warrior of microeconomics who had refused to compromise on his mathematics. Your reporter was confused, though, and sought out Professor Heckman for clarification. Was he, the incumbent Nobel prize-winner for economics, showing evidence that there is little or no point in educating huge swathes of society, because many people have an innate inability to benefit? I suspect my requirement for clarification rather proved that point.

Evidently the institutional structure of the British school system failed your conference reporter. For Ludger Woessmann, from the Kiel Institute in Germany, the structure of the school system, rather than spending, is the most important determinant of academic success. Woessmann looked at data for more than 250,000 secondary school pupils in 39 countries and examined three factors that might affect student performance: parental background, the resources available, and the institutional framework of the education system. Children from homes where the parents had high levels of education did better themselves. But class size, and the amount of money spent on a school, did not improve performance. Schools did better if they could choose which teachers to hire and fix their pay. If teachers could choose teaching techniques and buy their own supplies, this improved scores further. On the other hand, if teaching unions influenced the curriculum, performance in maths and science plunged. 'Faced with the policy alternatives of spending increases and institutional reforms, politicians should opt for the latter,' said Woessmann.

## Auction theory

But if economists existed with the sole aim of creating policy then one doubts that Britain's comparative advantage in auction theory would have developed.

Any perspective on the work of Paul Klemperer and Ken Binmore clearly correlates to the extent of that person's ownership of shares in telecommunications companies. But both offered a clear exposition of how a seemingly obscure branch of microeconomics can have such a radical impact on the economy - raising £22.5 billion almost exactly a year before the conference. Both touched on the principles of good auction design, and offered intriguing explanations as to why the auctions had raised so much in Britain and Germany, but so unceremoniously flopped in Italy and the Netherlands. 'Auction design is a matter of horses for courses and not one-size-fits-all,' as Klemperer argues.

## Politicians, managers and incentives

Election fever was notably, but happily, absent from proceedings. The opening lecture by Canice Prendergast of Chicago University suggested that the incentive problems faced by bureaucrats were intractable. Designing contracts to incentivise best practice is necessarily difficult, not just because of the risk of malfeasance, but because of the ‘multitasking’ problem. ‘Output measures for bureaucrats are normally pretty crumbly,’ says Prendergast, drawing on the example of past attempts to increase the productivity of the Los Angeles police department. One simple problem of trying to maximise ‘police output’ is that the ‘police will go and arrest everybody’. Furthermore, they will tend to arrest those who are the easiest to arrest, rather than the high-quality criminals. ‘Most bureaucrats do not get rewarded by sophisticated contracts,’ he says.

Hans Gersbach took this concept a step further. Politicians are inescapably short-termist and thus incapable of making necessary long-term decisions, for example, investment in transport, or reducing unemployment in Continental Europe. Anyone who arrived in Durham via our great national railway system would have little difficulty in grasping the notion of the politician’s minimalist discount rate. But Gersbach’s paper offers the genesis of an innovative solution: the use of incentive contracts for politicians. In his stylised model, when politicians offer financial contracts that become effective upon re-elections, their time horizons become more long term and the efficiency of decision-making more increases. Gersbach stresses the limitations of his model, in some ways an application of the literature on incentivising central bankers to politicians. But given the increasing consumerism of politics, and involvement of the private sector in public services, performance-related pay for politicians has an irresistible attraction.

Football clubs use such financial incentives for players and management alike. But the ultimate incentive to do well is not getting the sack. Ruud Koning’s findings suggest that football managers are fired too often: on average, a sacking makes no significant difference to the team’s results, although defensively the teams do seem to improve by conceding fewer goals. Koning concludes: ‘Since it is not clear that the results on the field improve after a change of manager, it is likely that the board of a team intervenes for other reasons. It is likely that fan and media pressure are also strong determinants of the tenure of a football manager’. Which sounds almost like democracy.

## Europe, Britain and the Euro

‘EMU is without the slightest doubt the biggest change in the international financial system since Bretton Woods’ said Richard Portes of the CEPR. Economists will bear an increasingly weighty burden, as Britain’s entry to the euro looms large.

The decision to recommend entry is to be made on allegedly ‘economic’ grounds. So it was no surprise that the European Central Bank’s special session on monetary union after two years proved fascinating. Representatives from the Bank of England and those incessant ECB-watchers, the CEPR, supplemented the analysis. The session included analyses of the popular reasons for the euro’s weakness against the dollar, explanations of the minutiae of the ECB’s decision-making apparatus, and discussions about the efficacy of sterilised intervention, and Eastern European ‘euroisation’.

Why is the euro so weak? Most of the speakers were sceptical about ‘simplistic’ explanations for euro weakness. ‘Interest rate differentials, US growth rate, data on capital outflows, and the weak credibility story cannot explain this. The market doesn’t act systematically,’ says Richard Portes. Even innovative approaches, such as applying Kahneman-Tversky model of market psychology, or looking at the effect of the black market offer only a marginal explanation of the new currency’s prolonged weakness.

‘We have no idea what’s caused the depreciation of the euro, and the appreciation of the dollar,’ said Charles Bean, the Bank of England’s chief economist. ‘The standard stories don’t tell us everything. An interest rate story certainly doesn’t.’ But what about the ‘new economy’ explanation of an underlying productivity differential? ‘Expectation of future productivity growth in the tradable goods sector could lead to an appreciation today. But you have to believe that the productivity differentials are permanent - and as knowledge is free, you’d expect them to close over time,’ said Bean. And there’s been too much uncriticised commentary in the press and in the City about the role of capital flows and foreign direct investment, he said, agreeing with Portes. ‘There are counterpart financial flows and the impact on asset markets can be different from the same FDI flows,’ argued Bean.

Both Bean and Portes agreed that explanations centred on ‘mistrust of the ECB’ don’t stack up. The consensus view appeared to be that economic theory could not explain the euro’s weakness.

So is there an argument to intervene? ‘Private speculation is the equivalent to an unannounced sterilised intervention. George Soros is the ultimate sterilised intervener - though he wouldn’t appreciate being described as such,’ said Portes, suggesting that intervention to prop the euro up could be justified. Charles Bean was rather worried about applying work on private agents to the actions of a central bank. He said: ‘Private decisions are often made on the basis of expectations, for example when market participants want to get out ahead of an expected depreciation.’

But intervention could be deemed appropriate on a portfolio management basis. ‘If the ECB has excessive reserves the sensible time to run them down is when the euro is at a low and on a point of turning,’ said Bean.

Has the European Central Bank performed well, and how does it compare to the Bank of England? The flowchart detailing how and when, central bankers, finance ministers, ECB officials, and the ECB governing council exercised influence over the Bank’s interest rate decisions was fiendishly complex. Alongside the description of the ECB’s two pillars of monetary policy, it was difficult to escape the conclusion that its entire decision-making apparatus was rather unwieldy and unfathomable. Having said that, Charles Bean argued that ‘interest rate decisions have been pretty much spot on.’ In his eye, the ECB faced three key problems: a major regime shift, discontinuities in statistical information, and establishing credibility. The first and third of these problems were faced by the Bank of England when it gained operational independence in 1997.

But Bean outlined key differences between the two models - the elevation of monetary targeting to the status of a pillar, and

the ECB's price-stability target as opposed to the inflation-targeting Bank of England.

'I have some sympathy with the CEPR critics. It's perfectly possible to say that money may be an important indicator but there are lots of other indicators. There's a legitimate question as to whether you want to raise it to the status of a pillar - and there is a credibility question too,' he said. Vitor Gaspar, the ECB speaker, defended that pillar because 'inflation in the medium term is a monetary phenomenon'.

But Bean also contrasted the Bank of England's approach to inflation targeting with the ECB's price stability target. 'The lacuna in the ECB model is that how the forecasts map into final decision is not as clear as it might be,' he said. ECB staff produce two forecasts per year, in conjunction with national central banks. The Bank of England issues four inflation reports per year, and crucially, these forecasts are written by the decision makers. 'It's not just an input into the model, but an important communication tool. We're aiming to give a picture of how information is gathered together and feeds into decision making,' said Bean. 'If there is a weakness [in the ECB model] it's in how the inputs are translated into the outputs of decision-making.'

### Bubble trouble

Patrick Minford's combative appraisal of Marcus Miller's paper on the 'Greenspan put' proved entertaining. Minford was not too convinced about the existence of 'irrational exuberance' in the stock market, and even less the notion that Alan Greenspan's actions and decisions were questionable. Miller's controversial thesis was that Alan Greenspan's monetary policy decisions have helped inflate a wide-ranging stock market bubble. The idea is that investors in the United States have come to expect that the Federal Reserve will take decisive action to prevent the market from falling - but not to stop it rising: and they believe the intervention will succeed. So the Fed is apparently providing insurance against the possibility of a market crash.

The effect is like a put option, which protects investors against falling asset prices. But the reality is a bubble, because the put will not exist when it comes to be exercised. Key pieces of evidence for this hypothesis of a 'Greenspan put' are the actions taken by Mr Greenspan in alleviating the effects of the market crash of 1987 and in checking the market fall in the liquidity crunch of 1998. In both cases, he cut interest rates and pumped in liquidity.

Calibrating the model using a range of plausible parameters, Miller found that believing the Fed can prevent the market falling by more than 25 per cent from its previous peak brings the observed risk premium down from 4.5 per cent to about 2 per cent even though underlying attitudes to risk are unchanged. Since the Fed cannot determine the real value of stocks, the resulting asset prices are not rational, so Miller's account involves over-optimism on the part of the average investor.

The central implication is that there will be a market crash when investors realise that Mr Greenspan is not superhuman. There is an alternative, however; a scenario where he gradually brings investors to their senses and the bubble subsides more

slowly - with the market 'moving sideways' for some time, for example. To avoid a crash and restore realistic valuations (by effectively unwinding the Greenspan put) is a delicate operation. 'Mr Greenspan will confirm his status as a great central banker if he can do it', Professor Miller concluded.

Having said that, it did appear that Professor Miller was encouraging an irrational exuberance of his own making. His American Express card number and details were unwittingly left pinned on the conference noticeboard for most of Tuesday evening. Was this some empirical test of the behavioural foundations of economics? Professor Miller's credit card statement was refreshingly free of illicit purchases of holidays and other luxury goods from the Internet.

### Data deficiencies

Prize for the best joke of the conference undoubtedly goes to James Heckman who had assumed that his Tuesday evening keynote address began at the same time as Monday's. 'The one piece of data I didn't look at was the programme,' he told a patient audience.

Statistical inadequacies came up as a recurring theme across the papers presented in Durham. Richard Portes argued that analysis of EMU was being hampered by 'urgent data needs'. The ECB's Vitor Gaspar said that addressing this was 'an important priority for Eurostat', and that perhaps the CEPR wanted to help out.

Against this backdrop, it was fascinating to hear speakers from the Office for National Statistics' fascinating session of 'evidence-based policy'. Prabhat Vaze of the ONS explained a raft of new data that will soon be available, and that is tailored to emerging research requirements. So there are additional questions to be asked in household surveys, as well as changes to reflect the growth of e-commerce. The ONS is looking at different types of quality adjustment techniques - hedonics and options pricing - for more accurate productivity and inflation statistics.

And there could be an end in sight for the old anomaly that if one marries one's housekeeper; GDP falls (despite the housekeeper doing the same work as before the marriage). The ONS is developing a raft of household production statistics to supplement environmental and social accounts.

Elsewhere it's clear that economists are making use of innovative internet-based data sources. The elusive Simon Peters used data from a website where clients detail the price and quality of the services of prostitutes. By applying 'hedonic' quality-adjustments to the data, Peters showed the determinants of client satisfaction. He also calculated that the government could raise up to £250 million by taxing this industry. This paper did not feature in the 'evidence-based policy' session.

In a similar vein, the Bank of England's representatives in Durham roundly ignored one piece of data. It was possible to buy a round in the Conference Bar for an all in charge of 25 pence. But Professor Nickell was not sprinting back to Threadneedle Street with tales of deflation. And Collingwood College bar certainly did not feature in the Monetary Policy Committee minutes.

...continued on page 19



# Letter from Germany

## Coase and the Great Bavarian Beer Garden Revolution

*Very appropriately, for our summer issue, Ray Rees's latest letter looks at the recent controversy over the externalities caused by a uniquely German institution - the Bavarian beer garden. Ray Rees is Professor of Economics in the University of Munich and also holds a part-time appointment at the University of York.*

MUNICH is a lovely city, both to live in and to visit. One of the institutions that make it so is the beer garden. Beer gardens were originally small grassy areas at the entrance to the breweries, where foaming jugs of new beer could be bought and drunk with the bread, sausage and radishes people brought with them. Now, well over a hundred of them are dotted throughout the city, ranging from small tree-shaded gardens outside pubs to huge gravelled courtyards with row upon row of tables and benches, seating up to 2000 people. The principle however has remained the same. You must be allowed to bring your own food, there must be abundant chestnut trees for shade, the beer is good and reasonably priced, and the mode is strictly self service. The Münchener, most of whom live in apartments without gardens, flock to them on warm summer evenings and at weekends. The lungs of the city, they have become part of the way of life. Tourists notice delightedly how many of the customers are dressed in traditional Bavarian costume. This is at least in part because it brings the wearer a discount on the beer price, a nice example of the internalisation of externalities that should please Coaseans.

### The externalities

Beer gardens do however tend to be noisy, especially the larger ones. There is not only the noise of the conversation, which inevitably follows the law of hysteresis, as people raise their voices to make themselves heard above the escalating noise of their neighbours. There is also the music. Usually produced by a traditional Bavarian band, consisting largely of men in tight leather shorts with bulging stomachs and red faces, blowing into brass instruments of assorted sizes, some of the more modish beer gardens actually have jazz bands. And then there are the cars, densely parked in the streets around the beer gardens, signalling closing time at around 11pm with a barrage of slamming doors, revving engines and shouted goodnights. A clear case of negative externalities, you would say. And you would be right.

There was massive consternation in the whole of Bavaria when a group of five residents living near one of the largest Munich beer gardens brought a court action, claiming that the beer garden broke the law on noise emission control, and won their

case. Noise controls are actually very strict in Germany. For example, it is against the law to mow a lawn, beat a carpet or chop wood on Sundays, or after 7 pm on any other day of the week. In Coasean terms, the beer gardens had acted as if they had the property right in deciding on the scale of their activities, but the (Bavarian) court decided that not even beer gardens are above the law. The beer garden in question was instructed to stop serving beer at 9.30 every evening, customers were to be out by 10 pm, and it was to stay closed entirely on the first and third Sunday of each month.

There was uproar. The Bavarian way of life was held to be threatened at the very roots of its existence. A certain amount of invective was directed at the complainants, who, at the mildest, were accused of being a few stuffy, un-Bavarian noise-neurotics just interested in controlling the lives of others. The climax of the reaction was a demonstration held in Munich's main square, the *Marienplatz*, attended by 20,000 Bavarian beer drinkers,<sup>1</sup> a number only ever exceeded by a demonstra-

tion against right-wing violence toward foreigners held some time later. In spite of, or perhaps because of, its history, Munich is now a very liberal city and addressed by politicians of all parties, including the (Bavarian) Greens, who vied with each other in condemning this outrageous court decision. A fine distinction was drawn between 'leisure noise', which is acceptable, and 'work noise', which is not. The status of the beer garden as a 'cultural good' was emphasised.

### The fightback

The socialist Lord Mayor of Munich, who bears a startling resemblance to Groucho Marx, but without the cigar and the walk, demanded action from the Bavarian state government to enforce the wishes of the majority against this tiny minority holding everyone to ransom. This demonstration was heralded as the 'Beer Garden Revolution', though, as a number of commentators wryly pointed out, its purpose was to restore the *status quo ante* rather than to overthrow the existing powers-that-be. The latter, in the form of Edmund Stoiber, the head of the Bavarian government, promised immediate legislation to reverse this iniquitous ruling.

Now, property rights had been defined, residents and beer garden were represented by skilful lawyers, and the Coase Theorem would predict that negotiation would produce a socially efficient outcome. Something like this appears to have happened, according to a report in the local quality daily, the *Süddeutsche Zeitung*. An agreement was reached with two of the complainants, under which the beer garden agreed to install a high sound-insulating fence; to hire only small bands, with the music to stop at 9.30 pm on weekdays, 10 pm at weekends; and to stop serving beer at 9.45, with closing time at 10.15, and no closure on Sundays. Moreover, a sum of money, reputed to be of the order of 100,000DM, (£30,000) was to be paid to each complainant. This represented a beautiful Coasean interior solution, as I pointed out to my microeconomics class that same day. However, unfortunately for the Theorem, that was not the end of the story.

On the one side, other residents living near this beer garden, as well as people living near other beer gardens, including some in other towns in Bavaria, began to bring similar court actions. On the other side, the association of Bavarian hoteliers and licensees, supported by the Bavarian popular press, maintained the pressure on the state government to introduce legislation providing special regulations for beer gardens: music to stop at 10 pm, beer sales to stop at 10.30, closing time at 11. This it duly did, with the added piquancy that the legislation was drafted by the Ministry for the Environment.

### Regional sensitivities

The new Law was however challenged in the courts, right up to the highest Court of Appeal, which sits in Berlin. Now, to Bavarians, this is deeply significant, since Berlin is of course the capital of Prussia. The idea of Prussians ruling on Bavarian beer gardens is a little like an English court being asked to specify how Welshmen should wear their leeks on St David's day, or what Scotsmen should wear under their kilts. Worse still, the court threw out the Law, on the grounds that it was improperly drafted (it did not actually give a legal definition of what a beer garden is, which drew the retort, 'every child in Bavaria knows exactly what a beer garden is'), discriminatory (pubs without beer gardens had tighter closing hours), and did not specify what noise levels were permitted. Amid muttered dark reminders of what had happened to that King Ludwig who sold Bavaria to Bismarck in the process of German unification, the Bavarian government drafted a new law which remedied these defects and which is now in force.

Among other things, it gives permitted decibel limits for the noise levels emitted by beer gardens, which vary with the type of location, for example the maximum is 55 decibels in built up areas. Now, prospective complainants will have to invest in sound-measuring equipment. The beer garden as we know it seems to be safe.

I hope the readers of this letter will some day visit Munich and enjoy its marvellous beer gardens. But, some words of advice: take care to choose a hotel that's nowhere near one.

### Note:

1. I would like to thank Christa Dallat for her painstaking search through the newspaper archives to ensure factual accuracy.

# News from CHUDE

## RAE 2001, A message from John Beath:

As a result of some recent correspondence, it is clear that there is some uncertainty about how the Economics and Econometrics RAE Panel will source the material it is committed to read. I thought it would be helpful if I clarified how this will be done.

The guidance on the submission of material is quite clear: all requests by a Panel for submitted material which cannot be sourced effectively through the relevant Panel member's own institution library should be directed through the RAE team in Bristol. They will then take the necessary steps to obtain this from the institution concerned. I imagine that, like my own institution, your institutions will now have a mechanism in place to deliver material that is requested.

In its working methods, the Economics and Econometrics Panel says that it will read at least 50 per cent of the material submitted in RA2. As Chair of CHUDE I have spoken to the RAE Panel chair, David Greenaway, about the sourcing issue. The Panel will indeed seek those outputs not available through members' own institutions via the RAE manager. The Panel will also ensure that its approach to evaluating each institution will be consistent and even-handed. There is thus no way in which, in the sourcing and treatment of material, any institution will be disadvantaged. His assurance that the process will be completely even-handed is categorical. Therefore I am fully reassured that the playing field will be a completely level one for each institution.

## Postgraduate training guidelines

At the meeting of CHUDE, held during the Society's Annual Conference in April, Professor Chris Milner was scheduled to report on the revised subject-specific training guidelines for economics which would apply in the forthcoming ESRC recognition exercise.

In the event, his report was presented by Denise Osborn and a version of it appears on p.18 of this *Newsletter*.

The guidelines themselves can be found on the ESRC's website:

<http://www.esrc.ac.uk/ptd/guidelns/postgraduateguidelines.htm>

The next meeting of CHUDE will take place on 24 November 2001. Its Steering Committee meets on 14 October 2001

# Why I am not an Economic Rationalist

*In the last issue of the Newsletter, Alf Hagger painted an unflattering picture of parts of the Australian intellectual community which resisted the attractions of 'economic rationalism'. Geoff Harcourt who, amongst his many honours, is Professor Emeritus at the University of Adelaide, puts the case for the résistants, drawing on an earlier paper which appeared in the Queensland Economic Review. Alf responds on p.17*

*In Alf Hagger's article "Exasperating Calculators" - a message from Australia', (Newsletter no.113, April 2001) in which he discusses the reactions by different groups to economic rationalism, he says of those economists who supported the non-economists' critique that they 'almost without exception were drawn from outside the mainstream' and that they 'deserve particularly harsh treatment because of their almost complete lack of professionalism'. As this group includes at least three of my mentors (one of whom has recently died and so cannot reply) as well as myself, I would like to give an example of the sorts of arguments we deployed. The rest of this article is a revised version of a paper which initially appeared in the Queensland Economic Review, 1999 (2). It was commissioned by the then State Statistician Peter Crossman, who also commissioned for the same issue a companion piece by Michael Parkin, 'In defence of economic rationalism'.*

**M**ICHAEL SCHNEIDER (1998) has done signal service by telling us when the term 'economic rationalist' first came to be used in Australia and what it means.

It was first used in 1973 and entails the belief that efficient resource allocation and agreeable economic growth are best left to, and promoted by, the free market. The policy proposals that follow include: deregulation of major (including labour and financial) markets; privatisation; and 'small' government, including the elimination of government assistance to industry and direct (or indirect) attempts to influence the level of activity, including employment. Adam Smith's authority is invoked for the approach, together with that of his best known modern disciples, Milton Friedman and Friedrich von Hayek.

A principal characteristic of the approach is that the market is seen as the optimum institutional form, as applicable to the sales of everyday commodities as it is to the sales of World Cup Cricket tickets, the organisation of public and civil services and the provision of health and higher education. I think this is a bogus claim. It involves not only a misreading of Smith (if not of Friedman and von Hayek) but also faulty analysis of the workings of actual markets. As my credentials may be suspect, I refer readers to Joe Stiglitz's *Whither Socialism* (1990, 1994) for the best insider critique of the economic rationalist's case that I have ever read.

I start by discussing the misreading of Smith. Smith regarded his *Theory of Moral Sentiments* (1759) as the equal of and complementary to the *Wealth of Nations* (1776). The thrust of his *Theory of Moral Sentiments* is the need to design institutions that allow altruism ('sympathy') to prevail; for, without this, society could not become a coherent co-ordinated whole,

the 'socially stable society [which] is a prerequisite for an economically successful one' (Heilbroner, 1986).

Smith was a realist who recognised the intense drive of self-interest in us all. He wished to harness it to good effect, knowing that it could not be left to dominate completely either the lives of individuals or the behaviour of important groups in society. You may look in vain to him for the proposition that free market capitalism is the means to obtain and sustain democratic government (or the other way round). He was, though, the proponent of a dynamic competitive environment which would encourage growth and promise a distribution of the product between the main classes of society which would be favourable to continuing growth.

This allowed two of his greatest insights to come into play - rising productivity associated with the division of labour, the extent of which was constrained or limited by the size of the market. Furthermore, Smith understood the interrelationships of markets and how they expanded together in a cumulatively reinforcing manner, allowing accumulation to embody innovations and raise productivity.

Smith also approved of the government providing an efficient and essential infrastructure for society and a just and efficient system of taxation for society's citizens. What he did not like - neither do I - was unnecessary regulation to protect established monopolies and limit initiative. As a wise person, Smith knew that one of the essential conditions for competitive markets to function in a socially desirable manner was the customer and seller, employer and employee, should meet as relatively powerless individuals whenever commodities and services were exchanged. So we cannot find in Smith's writings unqualified support for letting the market rip. Can we nevertheless find in modern theory a justification for economic rationalism?

Let me concede immediately that it would be a *non sequitur* to go from establishing that there may be 'market failures' to immediately claiming that government intervention would make, or do things, better. In an imperfect world, the 'market failure' outcome may nevertheless still be the best that can be hoped for, especially if we put a huge weight on the absolute desirability of individual freedom (von Hayek's position). In any event, the case must always be made for intervention.

With this proviso, let us examine the down-to-earth meaning of some of the conditions that have to be met in order for markets to do their thing. The first is that actual prices of commodities should be a true measure both of the social costs of the

resources used to create them and of the satisfaction which their use is expected to bring to their purchasers. That is why price takers are needed. Producers can then match their costs to externally given standards which simultaneously signal to purchasers the terms on which they can expect to achieve satisfaction.

This requires that prices should be such that what is voluntarily demanded is equal to what is voluntarily supplied. This requires that flows of purchases and flows of supplies in markets should dominate the setting of prices. Stocks, though important for smooth production and sales, nevertheless need to play a subsidiary role in the determination of actual prices. (Yet there are some important markets, those for financial assets and houses immediately spring to mind, where the existing stocks dominate the new flows.)

Moreover, if current prices are not achieving the match between the flows, they must give out signals which encourage measures to be taken which will quickly achieve such a match, a very tall order indeed in many important markets.

It also has to be supposed that prices act solely as rationing devices. Nothing else may be deduced from the price of a commodity or service about its qualities other than its relative scarcity or abundance. Modern work suggests that the demand for and supply of labour services and credit do not set up prices with this required characteristic.

Demands may be dominated, not by expected satisfaction but by guesses about what prices may be in the future, so that a large element of speculation is present in the formation of prices, while supplies may be offered, not in response to perceived costs but in anticipation of future movement of prices, or of other people's expected anticipations of such movements. If so, then the ensuing prices which are set may bear no systematic or reliable relationship to the real economic factors of the regular economic activity which, it is argued, prices ought to reflect. We may think here of stock markets and the market for foreign exchange.

So, from Adam Smith we learn the need for social institutions and constraints to back up a competitive environment of 'initiative and enterprise'. From modern theory we learn that, if we want markets to work well, we must beware of situations where stocks dominate flows, speculation dominates enterprise or real economic factors, power is not evenly diffused, prices given out complex signals and processes are cumulative rather than quickly equilibrating. We therefore have a prima facie case for demanding intervention both at the national and international level.

I have always thought that the single most important institution that the Brits bequeathed to the world (apart from cricket) is that of an uncorrupt civil service, Keynes's disinterested and dispassionate intelligent people, who accepted 'the presuppositions of Harvey Road'. If this is so, it is not obvious that civil services should be run either like a market or even a business. Other criteria - dispassionate honest behaviour, for example - may well be more appropriate. To destroy the faith of citizens in their civil services is as dangerous to the maintenance of democracy as is the rising contempt for politicians which now mars most modern democratic states.

In order to preserve such a valuable, indeed indispensable, institution, intervention should be, whenever possible, on a broad front rather than on a detailed one. Therefore, for example, if investment incentives are thought to be needed to encourage either the level or the composition (or both) of investment expenditure, minutely detailed categories should be avoided. In this way the temptation to offer and accept bribes is minimised.

I have left to last the main reason why I am not an economic rationalist. I am not convinced that, even as a long-term proposition, a competitive economy, where competitive is defined in the realistic and dynamic manner of the classical political economists and Marx, tends towards a position of full employment. In an uncertain environment, indisputably an inescapable fact of life, there will never be sufficiently strong and persistent forces to ensure that levels of planned accumulation, left to themselves, will fluctuate around a level which absorbs full employment saving.

Because of the peculiar characteristics of what Keynes called a monetary production economy, the signals to those responsible for the various important components of aggregate demand which could lead to full employment are weak to non-existent. Meanwhile, the forces making for departures from full employment, in some periods in an upward direction, in most periods in the other direction, are so powerful and persistent as to required to be deliberately modified by offsetting measures. Nor do I believe that inflation or deflation of the general price level will cure itself if subject only to an environment of rules. Hence I have advocated the implementation of permanent incomes policies designed to fit the peculiar historical, sociological and institutional experiences of each society.

Thus, at both the microeconomic and macroeconomic levels, I believe economic rationalism to be found wanting. This does not make me either a Stalinist central planner nor a Hitlerean national socialist. It does make me an old-fashioned democratic interventionist advocating intervention wherever necessary, whether to achieve jobs for all and/or equity for the underprivileged and unfortunate. This has always been the proper rationale for our 'miserable subject' and I see no reason why economists should be ashamed of it. Indeed, it was in exactly those periods, in which we had most confidence to express and practice such a philosophy, that our sorts of economies performed best.

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# Paper submissions in an electronic age

*Professor Yew-Kwang Ng of Monash University (currently visiting Nanyang Technological University in Singapore) laments the waste involved in the submission and editing of academic papers, processes which steadfastly ignore the resource-saving possibilities of new communication technologies.*

**M**OST SCHOLARLY journals, in economics and non-economics alike, require authors to send multiple hard copies (sometimes up to six) of a paper submitted for possible publication. (Even *Environmental and Resource Economics*, presumably an environmentally conscious journal in economics requires six hard copies!) Most (including *Environmental and Resource Economics*) also require double-spacing and single sided printing. This policy is economically inefficient (at least globally) both in monetary costs and temporal speediness, environmentally damaging, and grossly outdated in this electronic age. Journals should allow email submission of electronic copies. Where hard copies are required, double sided printing and 1.5 spacing should be allowed and no more than two copies should be asked. The reason the outdated and inefficient system is still widely used may be partly due to inertia and partly to the ignoring of the various external costs involved.

In the absence of externality, ignorance and irrationality, one may argue that the market practice is the efficient practice; there would then exist little grounds if any for recommending/encouraging a change. However, most people would plead guilty to some degree of inertia, if not some more serious form of imperfect rationality and imperfect knowledge.

## The resource costs

More importantly, the following external costs are involved. First, the use of additional sheets of paper generates external costs as more trees are lopped to produce paper. Secondly, the transportation of heavier papers generates pollution through the burning of fossil fuels in the transportation/ mailing process. Thirdly, the costs of sheets of paper and the mailing costs of most academic papers are usually borne by universities and other research institutions rather than individual authors, editors, and referees. Due to the global public-good nature of the production of knowledge and the insufficient reward in accordance to the output of knowledge, this practice (of public payment for the mailing costs) may be desirable. However, it means that the costs of mailing academic papers are largely not taken into account in affecting the requirements regarding paper submission by journals. These airmailing costs are not negligible; each single posting of several copies of a single-sided paper of average length may cost tens of US dollars. If there are globally about a million academics and each involves (as an author, referee, or editor) an average airmailing of just ten times annually (a tiny fraction of the figure applicable to most academics I know), the annual costs are in the order of hundreds of millions of US dollars. (In addition, the point here

also applies to some extent to the government and business sectors, with many more times the costs involved.) Moreover, a significant part of this may be completely wasted. For example, I recently received, as an editor, three copies of a single-sided paper which were airmailed (by the managing editor who received four copies) from France to Australia at 57 francs and then resent at a similar cost to me at Taiwan. I used only one of the copies in order to reach the decision that the authors should be advised to send their paper to another journal.

## ...and yet there are alternatives

Now, most academics have access to emails and do their work electronically. It is time that journals allow or even encourage electronic submissions and also use electronic transmission for sending out papers to referees. Even proofs for checking can be sent out in electronic format if first converted to .PDF files. For those insisting on hard copies, at least where international mailing is involved, it is more efficient to ask for only one (preferably allowing double sided) or at most two copies and more copies can be made when needed.

It is true that some editors or their assistants may find it more convenient to have hard copies to work with, though it is interesting that editors' professional bodies now encourage and offer training in 'on-screen' editing and that such skills carry a premium in the labour market. *Economic Issues* manages to do it. Everything is done electronically there from submission of manuscripts, to refereeing, typesetting and printing. In the words of its editor, 'I grant you the physical resource saving, but the saving in time is enormous. We wonder now how (why?) we didn't adopt the system much earlier.' Could other editors be handicapped by imperfect knowledge and inertia? Even for those truly preferring to work with hard copies, the marginal convenience here is probably largely if not more than offset by the inconvenience of authors, leaving the external costs on universities and the society largely deadweight losses. Economists are keen to get rid of deadweight losses; let us start in our own backyard by allowing electronic submissions.

*Editor's note:* production of this *Newsletter* has largely dispensed with hard copy until the final printing. The convenience, time and cost-saving is considerable. Also, readers will recall Manfredi La Manna's project for the electronic publication of academic journals, which takes the technological possibilities to their logical conclusion (see *Newsletter* no. 112, January 2001).

# Obituary

## David Worswick

G D N Worswick died in May at the age of 84. To most economists he will be best remembered for his work at the National Institute for Economic and Social Research where he was Director from 1965 to 1982. To many students, however, he will also be remembered for the two books which he edited, with P H Ady, *The British Economy, 1945-50* and *The British Economy in the 1950s*, two wonderful invitations to learn economics through the study of events.

Born in 1916, he studied at St Paul's School before going to Magdalen College, Oxford. Being a young man in the 1930s, he was deeply affected by mass unemployment and took the view, that remained with him throughout his career, that minimising unemployment should be the first priority of all policy makers. He was very happy, therefore, when he became a tutor at Magdalen, to assist Sir William Beveridge in working out plans for the postwar welfare state and the commitment to full employment policies.

As Director of NIESR he encouraged a wide variety of work though he personally had a strong preference for projects which related to real world issues. He firmly believed that macroeconomic policy could and should have effects on real variables like employment and growth and thus that economists should be continually striving to maximise both. In the 1950s and 1960s this view was quite widely shared but it was bound to bring him into conflict with colleagues and with politicians from the 1970s onwards when it ceased to be the orthodoxy. He was one of the 364 economists who famously wrote to *The Times* in 1981, warning that Thatcherite policies were deeply damaging to manufacturing industry and that they would deepen and prolong the recession.

A more lasting contribution to NIESR than his commitment to essentially Keynesian policies was the increased independence that he was able to negotiate. NIESR was originally established to provide an alternative source of economic wisdom and criticism to that of the Treasury. However, it was placed in a somewhat anomalous position in this role by receiving 80 per cent of its funding from government in the early days. Whether this dependence on public funds ever actually inhibited NIESR in its pronouncements on government policy matters less than the perception that it might do so and Worswick clearly understood the need for alternative sources of funding. At this point, research policy and funding came together. He was exceptionally good at communicating the work of NIESR to the business sector and his preference for 'real world' projects gave him much to communicate. By the time he retired as Director in 1982, some 40 per cent of NIESR's funding came from independent sources.

He married Sylvia Walsh in 1940 and was a devoted father to their four children.

# ESRC news

## New Chair

Frances Cairncross is to succeed Dr Bruce Smith as Chair of the ESRC. She is currently the Management Editor of *The Economist* and will be well-known to many readers as the presenter of the BBC's *Analysis* programme. She has been a governor of the NIESR and a council member of the Institute for Fiscal Studies. She has published a number of books on environmental economics and on the global telecommunications industry.

## New data - for free

A valuable new source of local data has just been made available to researchers. It is free to *bona fide* academics and is administered by the Joint Information Systems Committee (JISC) and Manchester Information and Associated Services (MIMAS). The database is designed to overcome a number of obstacles which have hitherto frustrated researchers when working on data at the local level. For example, some datasets are organised by postcodes (which themselves are subject to change) while other data is organised by administrative districts like wards and parishes. The database enables researchers to link data from these different sources.

The database has become available as a result an agreement between ESRC and Experian, a commercial census agency.

The Experian address is <http://www.experian.com>

The MIMAS address is <http://www.mimas.ac.uk>

## 2001-2006 Strategic Plan

The ESRC has just published its latest five year strategic plan. Following a significant boost to its budget from the Government's Comprehensive Spending Review, and a nationwide consultation on its Thematic Priorities, the ESRC hopes to encourage high quality research in a range of national and international issues. New developments within the 'themes' include management research, sustainability, science and society and the socio economics of genomics.

Details of the Strategic Plan and the Thematic Priorities are available on the ESRC's website, <http://www.esrc.ac.uk>

# Women in the Government Economic Service

*Amanda Rowlatt, Chief Economist, Office for National Statistics assesses the evidence on the position of women in the GES.*

The Government Economic Service (GES) is a major employer of economists, with current staffing running at 600 economists. The data on the gender breakdown of GES members is relatively rich.

## The overall position

There have been significant increases in the proportion of women at all grades - in 2000 women were 10 per cent of the GES senior civil service (the top 10 per cent of economists), up from 5 per cent in 1986. In contrast, in 1998 women were just 4 per cent of economics professors. Anecdotal evidence suggests that, amongst private sector economists, women represent rather less than 10 per cent of senior management.

Below the senior civil service, in 2000 women were 21 per cent of Economic Advisers (grades 6 and 7, and about half the GES economists), up from 13 per cent in 1986. The changes were less marked at entry level - in 2000 30 per cent of Assistant Economists were women, up from 24 per cent in 1986.

This does not seem to be a cohort effect - since 1989, when our entry records start, women and men have, on average, been equally likely to succeed in the entrance examinations. Women constituted 25 per cent of successful applicants to the GES between 1989 and 1994, rising only slightly to 31 per cent of successful applicants between 1995 to 2000. The female representation on economics undergraduate courses has also been about 30 per cent over this period.

## Promotion and retention

Crude estimates of promotion probabilities (number promoted divided by the stock in the feeder grades) show men and women as having equal probabilities of success. This may reflect the transparent procedures in GES promotion boards - criteria for promotion are established in advance, candidates are graded against the criteria, and an independent audit team does spot checks to ensure the procedures are followed.

The main reason why women are not a higher proportion of the GES senior civil service is because of the large numbers who leave mid-career, at Economic Adviser level. Economists become Economic Advisers in their late 20s or very early 30s. In the 1990s, on average each year 12 per cent of female Economic Advisers left the GES, compared to 7 per cent of male Economic Advisers. It is not clear why they leave - further investigation is needed. As the GES has a relatively high proportion of women in senior positions, there may be even more leaving the profession at this stage from academia and the private sector.

The GES is a 'family friendly' employer. Female staff get generous maternity leave, with many departments offering over three months maternity leave on full pay, with the option of up to five years as an unpaid 'career break'. One in six

female Economic Advisers works part time, and the proportion is rather higher for GES women in the senior civil service.

More initiatives are in hand to support flexible working in the GES. A job-share pool is being set up, and the system of internal job advertisements has been changed so that there is a prior presumption that all posts are suitable for job sharers unless indicated otherwise. In parallel with this, the GES will be actively marketed to experienced economists seeking jobs which can easily be combined with family responsibilities.

In conclusion, there have been significant increases in the share of women at senior grades in the Government Economic Service - available evidence suggests that the proportion of women in senior management economist posts is now rather higher than in academia and the private sector. Competitions seem to have been fair, both at entry level and for promotion within the GES, but women have been rather more likely than men to resign at Economic Adviser level, despite generous maternity leave terms and the option of part-time work. The limited data available suggests that academia and the private sector may also face substantial female departures at this level.

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## Prizes for economists

### Leverhulme

On Wednesday 11 July, the Leverhulme Trustees hosted a reception to mark the award of the first Philip Leverhulme prizes. The prizes, worth £50,000 each, were awarded to thirty-five '...outstanding young research scholars who have made substantial and original contributions to fundamental knowledge in their field.' The seven fields recognised in the 2001 awards included economics. Other disciplines will benefit in 2002 (including economics again) and 2003. The prizewinners in economics were:

Professor M J Chambers, University of Essex (Econometrics)

Dr J S Redding, London School of Economics (International trade and economic growth)

Dr A Scott, London Business School (Macroeconomics)

Dr H-J Voth, King's College, Cambridge (Economic history)

Further details of the Trust and its support for research can be found at: [www.leverhulme.org.uk](http://www.leverhulme.org.uk)

### Scottish Economic Society

The Society offers the Sir Alec Cairncross annual prize of £1,000 for the best paper submitted to its Annual Conference, by a new economist. A new economist is one who is currently registered on a PhD programme, or who has successfully completed a PhD within the past five years. Further details of the prize may be obtained from the Society's website: [http://www.scoteconsoc.org/Cairncross\\_Prize.html](http://www.scoteconsoc.org/Cairncross_Prize.html)

# Correspondence

## Some notable omissions

Sir,

Rolf Henriksson's account of the forum for economic debate in Sweden (*Newsletter* no.113, April 2001) provides a fascinating survey of the interplay of analysis and policy in that country. Inevitably, he has had to be selective in his list of participants in that debate but I am surprised to see several names missing, more so because these omissions represent an implicit criticism of previous attempts to familiarise primarily Anglo-Saxon readers with Swedish economic thought. Ralph Turvey and I, as founder editors of *International Economic Papers* in 1951 and sponsored by the International Economic Association, identified and arranged for translation of articles by Swedish economists, written in both German and Swedish. Were we wrong to include the work of Erik Lindahl and Tord Palander as major contributors to the discussion of dynamic economic theory in Sweden? The long critique of Myrdal by Palander published in 1941 and available in our Volume 3 is surely of major importance; and no less an authority than Hicks encouraged the translation of Lindahl's *Theory of Money and Capital* which appeared in 1939. Turvey himself translated important documents on 1950s discussion of full employment in his *Wages Policy and Full Employment* (1952) which would have been worth a mention. Nearer the present day, although Bent Hansen is a Dane, is not his *Economic Theory of Fiscal Policy* (1968) part and parcel of the Swedish macroeconomic debate? Is it really the case that the fundamental contributions of Wicksell and Lindahl to the theory of the public economy are so marginal to Swedish policy discussion that they do not merit even a passing reference. It is worth mentioning that the new Palgrave Dictionary of Economics does include articles on Palander and Lindahl. Palander's original contributions to location theory are also recognised; Lindahl's contributions require 16 columns of text.

Professor Sir Alan Peacock,  
The David Hume Institute, Edinburgh

## Rolf Henriksson replies...

Dear Sir

I am quite happy to have had a response particularly from Professor Peacock as he is one of the very few international authorities on Wicksell and the Swedish contributions to our field. His questions furthermore give me the opportunity to acknowledge that Ralph Turvey, a student of Lindahl's already in the 40s, was also a notable contributor at the meetings of the Association in the 60s and 70s. Thus the response I have received draws on firsthand and personal acquaintance with the Swedish scene of economic research and policy debate.

I need hardly say that my survey of the Association's work intended no challenge to the importance of the major translation work undertaken earlier by Professors Turvey and

Peacock. As I tried to make clear, the debates in the Association after WWII did not fully reflect the entire spectrum of the discourse among Swedish economists. I wrote

'After Heckscher's death in 1952 the debates in the Association continued vigorously, but it is necessary to keep in mind that the Swedish economic policy debate from now on broadened out considerably and that the discussions in the Association were no longer as outwardly important as they had been before. Yet there were still areas of the debate where the Association continued to be central.' On reflection, I should have said '...no longer as representative and outwardly important...' This would have been less contestable.

The names mentioned by Professor Peacock were all important participants in the Swedish discourse, but they were mainly, and particularly in the case of Palander, contributors to theoretical discussion, which generally did not surface at the meetings in the Association. Further, Lindahl, who was actually chairman of the Association 1958-59 seldom (just twice in fact) appeared as a speaker or commentator at the meetings and Bent Hansen only lectured once. Palander never performed in any of these roles.

It is true that some 'missing names' were important in applied analyses as well as theoretical debate and would deserve attention in a more inclusive overview of the economic policy debate in Sweden but the fact remains that they played little part in the work of the Association. Why their contributions were never much discussed in the Association is of course quite intriguing. The main reason is probably that their economic policy writings - especially the writings of Bent Hansen mentioned by Professor Peacock - were generally more directed at the theory of economic policy than at specific issues of the day. One should add, however, that Bent Hansen followed in the footsteps of Lundberg and was, as Lundberg's successor as the leader of KI, on occasion an even more controversial participant in the public economic policy debate than Lundberg. Why Hansen's acerbity did not lead to more frequent appearances in the Association is a question that requires some further scrutiny.

The case of Lindahl is a bit more complex. The first of his two appearances at a meeting in the Association took place as early as the depression year of 1932 when he lectured in the autumn on the fiscal policy options open to the government in face of a dramatic rise in unemployment. Myrdal could build on Lindahl's delivery when he was assigned by Wigforss, the finance minister, as draftsman of the renowned appendix to the government budget proposal in January 1933, which ushered in explicit Keynesian thinking behind an official policy stance in Sweden. Lindahl's second appearance occurred in 1956 as a commentator on Lundberg's travel report on Australian exchange rate policies. But Lindahl's much discussed advocacy in the 50s for a more independent central bank and for more recourse to monetary policy, was never the focus of attention at the Association although, as noted,



Lindahl actually served as its chairman for two years.

Palander finally, perhaps the sharpest analytical brain in the celebrated group of Stockholm economists - *vide* here not only the translation of his review of Myrdal mentioned by Professor Peacock, but also his extraordinary penetrating presentation of Keynes's macro model in *Ekonomisk Tidskrift* in 1942 which parallels and rivals the renowned Modigliani presentation in *Econometrica* 1944 - is most blatant evidence that there was also in Sweden a divide between theoretical analytical work and applied policy assessments. Actually none of the great dissertations and other major works of the Stockholm School in the inter-war period was discussed in the Association. Although Palander is perhaps the most extreme theoretician in the group, he made in the 50s interesting contributions to such mundane topics as indexed bonds that should have been given a hearing in the Association.

The points raised by Professor Peacock emphasise the need for a broader view of economics in Sweden than that provided by discussing the position and role of the Association. I shall bear this in mind in my continued work on the history of the Association.

Rolf G H Henriksson  
Department of Economics, Stockholm University

## What price teaching quality?

Sir,

I have read with interest the description of the QAA's review of economics teaching in the UK by Harrison and Lockwood (*Newsletter* no. 113, April 2001). A similar controversy is raging in India with regard to the teaching of Vedic Astrology courses in which some 35 universities have opted to introduce, at the insistence of the University Grants Commission, with effect from this month.<sup>1</sup> The opposition has been spearheaded by Jayant Narlikar of the Inter-University Centre for Astronomy and Astrophysics in Pune. His argument is that astrology is not a science since '...neither its basic assumptions nor its predictions conform to the rigorous discipline that science demands.' Its supporters response is that just because there is bad astrology, often the result of imperfect study, this does not mean that astrology is not a science, deeply embedded in the system of nature.

The problem in resolving this debate is that no science is perfect and indeed a defining characteristic is its openness to correction, development and refinement. Thus Einstein's theory of relativity now has its qualifications. Narlikar's own 'theory of the universe', advanced with much acclaim some decades ago turned out to be a non-starter. Newton's laws of gravitation we now know hold only over a range of conditions. If predictive success were the main test of scientific status, then economics would be in some difficulty, though maybe not so much as the discipline of 'management science', the study of which is heavily subsidised by the government in India and yet still manages to extract fabulous fees from students.

The test of teaching quality should be 'usefulness to the community'. In India, astrology is widely used in personal and business life, though unhappily many people fall victim to quacks and impostors. The UGC-sponsored courses might at

least encourage professional standards and greater expertise drawn from India's rich, ancient, literature. It may be a price worth paying for a subject in which there is such widespread interest.

Professor Om Prakash, Fellow Emeritus and  
former Vice-Chancellor, University of Rajasthan

(1. *Editor's note*: Maybe greater similarities with the debate over what constitutes an appropriate economics curriculum? See *Newsletters* nos. 110, 112)

## From Alf Hagger

Sir,

My old friend Geoff Harcourt has responded to my article in the last *Newsletter* by explaining why he is *not* an Economic Rationalist. I find this response puzzling, as it would have been appropriate only if my letter had set out to explain why I *am* an Economic Rationalist. But since I most clearly did not do so, Geoff's response seems to me to be totally irrelevant, to put it mildly.

But Geoff has been at pains to explain that he is not an Economic Rationalist. Is he therefore part of the 'Rage against Economic Rationalism and the Campaign Against Economists' that is the subject of my book *Exasperating Calculators*, and the associated piece in your *Newsletter*?

The answer is simple: no, Geoff's piece lacks the five defining marks of the literature of the campaign against economic rationalism and economists. These marks are:

1. Gross Factual Error - the campaigners have shown themselves to be the master craftsmen of the absurd and totally mysterious factual falsehood;
2. Ignorance of Economics - as a group the campaigners are entirely ignorant of economics (one has written of himself, with commendable candour, as having '... no competence in economics whatsoever'), but are prepared, nevertheless, to pronounce on the subject even if they make fools of themselves in the process, as they usually do;
3. Evasion - the campaigners have frequently been coy of using argument as a weapon, and have been satisfied instead with what one has described as 'the white heat of affirmation';
4. Unintelligibility - the prose of the leading campaigners is sometimes totally incomprehensible;
5. Calumny - they have blamed economists for all imaginable economic ills, embellished their censure with insult and mockery and, in one case, concluded the curse with a call for economics education to be disregarded as any qualification for public service employment.

Fortunately, Geoff Harcourt's response has none of these characteristics. As far as I can judge, it lacks even one factual error (gross or otherwise), it is written by someone who knows economics, who believes in the value of argument, whose prose is perfectly clear and who thinks economists are a pretty useful lot. So on the evidence of his 'response' Geoff is not part of the rage. And, as all his friends know, there is massive additional evidence pointing in the same direction, should that be needed.

Alf Hagger,  
University of Tasmania

# A message from Chris Milner

Having been a member of the Subject Assessment Panel for Economics for the last few years, I was asked to Chair the Panel in 2000-2001 to draw up the revised subject-specific training guidelines for Economics. These guidelines form part of the ESRC's new arrangements, the so-called '1 + 3' provisions that are set out in the ESRC's 'Postgraduate Training Guidelines' document (available electronically at <http://www.esrc.ac.uk/ptd/postgrad.html>). The Economics Panel (membership top right) was formally responsible only for the drafting of the subject-specific content of the document, but it did (with limited success) make substantive and very specific recommendations for revisions to the Research Methods section of the new requirements.

Set out below and alongside are some slides prepared for the CHUDE meeting at the RES Annual Conference at Durham. They were kindly presented in my absence by Denise Osborn.

## 1: Principles underpinning the ESRC's new arrangements for postgraduate training

- '1 + 3' studentship awards
- 3 year studentship awards
- Greater emphasis on generic training in research methods for social science researchers, including use of qualitative *and* quantitative techniques
- Greater emphasis on outcomes than structure of programmes or mode of delivery

## 2: Structure of Training Requirements

- General Research Skills and Transferable Skills (section D of ESRC Guidelines)
  - general research skills
  - personal development and employment - related skills
- Research Methods (section E of Guidelines)
  - principles of research design
  - data collection and analysis
- Subject - Specific (section F of Guidelines)

## 3: Panel (2000)

John Beath (St Andrews)	Steve Machin (UCL)
Lynne Evans (Durham)	Chris Milner (Nottingham)
Ian Jewitt (Bristol)	Alistair Ulph (Southampton)

## 4: Subject - Specific Training

- 'Normally' during year 1 of '1 + 3'
  - microeconomic theory and analysis
  - macroeconomic theory and analysis
  - quantitative methods
  - econometric theory and methods (t/s, c/s and panel)
- Include also:
  - a practical project in research methods
  - exposure to a range of specialist areas
  - additional advanced economics training in first year of +3

## 5: Criteria for ESRC Recognition

- Adequacy of provision of formal, broadly-based and subject-specific training
- Adequacy of supervision arrangements
- Presence of active research environment
- Adequacy of critical mass of research students
- Satisfactory submission rates

## 6: Process

- Briefing meeting for SAP Chairs (10th June - Chris Milner has agreed to Chair Panel)
- Panel for 2001 (To be decided, but with some continuity of membership)
- Applications deadline (14th September)
- Panels to report to ESRC (26th November)

**Power and pragmatism**

Now to return to those opening comments. At the gala dinner your reporter stumbled on to a table with a gaggle of advisers from the Government Economics Service. They presumably returned to Whitehall with plenty of insights for 'evidence-based' policy-making. The long tentacles of microeconomics reached deep into educational reform. There was that study showing that institutional reform was a better determinant of academic performance than higher spending. Another quantified the effect of secondary school quality upon house prices.

And there were a number of papers that should have given ministers food for thought about policies already enacted. The government's abolition of tax credits was shown to have raised the cost of equity finance and reduced business investment. Student grants (abolished by Labour in the UK) raise attendance and completion rates at US universities, according to a study by Susan Dynarski. And the failure to legalise prostitution was calculated to have lost the Exchequer at least £250m.

Such extreme pragmatism makes economics a language that government policy-makers listen to and make every effort to understand. At the dinner table one government economist said that one of the papers challenged a Whitehall orthodoxy on measuring changes to the labour market. This is why economists are assuming more power, and events such as Durham's conference are so important.

The clues were all there at last year's conference, where it was revealed that all ministers receive training in economics, and the pay scales for government economists are up. Perhaps this explains the Herculean power wielded by the Treasury. And perhaps the foot soldiers of this Treasury revolution are those Government economists.

**Dutch telecoms auction**

As reported on p. 6 above, one session of this year's Annual Conference was devoted to the issue of auctions and auction design. Overshadowing the discussion was the UK government's success in raising unanticipatedly large revenues from the sale of 'third generation' mobile phone licences in 2000.

Since the UK sell-off, other continental governments have gone down the same road, with very different results. The Dutch UMTS auction in July 2000 ended in turmoil with only a small fraction of the predicted revenue raised and the Dutch parliament insisting on an independent, official, investigation into what had gone wrong. The table below shows revenue raised per head of population from these auctions.

In its quarterly *Report* (from which these figures are taken) the Netherlands Bureau for Economic Policy Analysis explained the different outcome by reference to the size of the potential market, the degree of competition, the timing of the auction and

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*Scanner* is edited by Tanweer Akram, a graduate student in the Department of Economics at Columbia University, New York, NY, USA. Sample copies are available on request.

**AEDSB**

The Association for Economic and Development Studies on Bangladesh (AEDSB) is a body of economists and other professionals who have active interest and involvement in the development of Bangladesh.

The Association hopes to use the professional expertise of its members in the economic development of the country. The Association is a network of academics and professionals interested in Bangladesh. Its activities include holding of regular seminars, workshops and annual conferences on topical issues related to the economic development of Bangladesh. It disseminates information about relevant conferences and seminars on Bangladesh held by other organizations. It is a forum for critical exchange of ideas among scholars, policy makers, and activists. It is a member of the Allied Social Sciences Association (ASSA) and regularly holds an academic session at the ASSA meetings.

The web address of AEDSB is: <http://www.aedsb.org>

The contact address of the Association is as follows:

Professor Farida Khan, Department of Economics, University of Wisconsin-Parkside, 900 Wood Road, Kenosha, WI 53141, USA. E-mail: [khan@uwp.edu](mailto:khan@uwp.edu) Fax: (262) 595-2120

above all to the design of the auction rules (setting minimum prices, etc.). 'The lesson learned here is that auction design is an art in itself, and its complexity should not be underestimated'.

**Revenues of UMTS auctions in Western European countries**

Country	euro/per cap.	Country	euro/per cap.
Finland	0	Norway	13
Spain	15	Switzerland	21
United Kingdom	650	Poland	24
Netherlands	171	Sweden	0
Germany	613	Portugal	48
Italy	240	Belgium	55
Austria	90	France	169

A full analysis can be read in *cpb Report 2001/2*, pp. 25-30 and at the Bureau's website: [www.cpb.nl](http://www.cpb.nl)

# RES

## News items

### Visiting lectureships

The Society funds annually up to five short visiting lectureships which allow a distinguished academic to visit a university in the UK for a period of one week, meet with staff and students, and give a short series of lectures.

Departments wishing to nominate academics for such a visit should write to the Secretary-General, Professor Richard Portes, Department of Economics, London Business School, Sussex Place, Regent's Park, London NW1 4SA. The dates of the proposed visit should be specified together with details of the arrangements for the programme of lectures and seminars. Applications are considered in **February, June** and **October** each year.

### Support for small academic expenses

The Society is able to offer financial support to members who require small sums for unexpected expenditures - including travel expenses in connection with independent research work, the purchase of a piece of software, expenses for a speaker at a conference being organised by the applicant's University or Institute, etc.

Applications, in the form of a letter and stating the purpose for which a small grant (maximum £600) is required, should be sent to Dr M A Meyer, Nuffield College, Oxford OX1 1NF.

**NOTE** This scheme does NOT cover assistance to members to go to a conference at which they will be presenting papers or acting as discussants. A separate fund - the Conference Grant Fund - has been set up for this purpose. Details are given below.

### Conference grant fund

The Society's Conference Grant Fund is available to members who are presenting a paper, or acting as a principal discussant at a conference; support of up to £500 is available. Awards are made three times a year. The closing dates for applications are **31 January, 31 May, and 30 September** each year in respect of conferences which take place in the ensuing four months. Application forms and further particulars may be obtained from: Professor C Milner, Department of Economics, University of Nottingham, Nottingham NG7 2RD. Fax: 0115 951 4159.

### Free back issues

A member of the society has back issues of the *Economic Journal* (from Vol 1973 to current issue) which he would be happy to pass on to anyone who might find them useful.

If you are interested in this set of journals please contact Eleanor Burke, Royal Economic Society, London Business School, Regent's Park, London NW1 4SA (E-mail: eburke@london.edu).

### 8th ISS Prize Competition 2002

The International J A Schumpeter Society (ISS) invites entries for the 8th Schmpeter Prize Competition. The prize is awarded every two years in recognition of a recent scholarly contribution related to Schumpeter's work with a cash prize of EURO 10,000. The topic for the 2002 competition is: Entrepreneurship, The New Economy, and Public Policy: Schumpeterian Perspectives. Entries (no page or format specifications) should be sent by 31 December 2001 to Professor Elias Dinopoulos, Department of Economics, University of Florida, Gainesville, FL 32611, USA (E-mail: dinopoe@ufl.edu) or to Professor Dr. Horst Hanusch, University of Augsburg, WISO-Fakultaet, Universitaetsstr. 16, D-86135 Augsburg, Germany (E-mail: horst.hanusch@wiso.uni-augsburg.de).

### Publications

The Society offers to its members a number of scholarly publications at special prices. These include: *The Collected Writings of John Maynard Keynes*; *Keynes Lectures, 1932-35*; *Malthus' Principles of Political Economy* and *An Essay on the Principles of Population*; *Official Papers of Alfred Marshall* and *The Correspondence of Alfred Marshall, Economist*.

A full list with the special prices may be obtained from Ms Eleanor Burke, Department of Economics, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Fax: 44 (0) 171 724 1598. E-mail: eburke@london.edu or via the Society's home page on the internet (www.res.org.uk).

Enquiries about rights, permissions and initiatives relating to editions and other scholarly works should be addressed to The Publications Secretary, Professor Donald Winch, Arts E, University of Sussex, Falmer, Brighton, BN1 9QN.

# Conference Diary

2001

august

25-29 August *Lausanne, Switzerland*

*Fifty-sixth annual meeting* of the **Econometrics Society** to be held at the University of Lausanne.

Further information from: [info@esem-eea.ch](mailto:info@esem-eea.ch) Internet: [www.esem-eea.ch](http://www.esem-eea.ch)

27-30 August *Linz, Austria*

*Fifty-seventh congress* of the International Institute of Public Finance. The theme will be **Political Economy of Public Finance**. There will also be open sessions which may deal with any topic in the field of public economics.

Further information from: Stanley Winer, IIPF Congress 2001, Carleton University, School of Public Administration, 1125 Colonel By Drive, Ottawa, Canada K1S5B6. E-mail: [stan\\_winer@carleton.ca](mailto:stan_winer@carleton.ca)

29 August - 1 September *Lausanne, Switzerland*

*Sixteenth annual congress* of the **European Economic Association** to be held at the University of Lausanne.

Further information from: [info@esem-eea.ch](mailto:info@esem-eea.ch) Internet: [www.esem-eea.ch](http://www.esem-eea.ch)

30-21 August *Kingston*

*Conference on Why Economic Growth? The meaning and measurement of GDP*, to be held at Kingston University.

Further information from: [www.king.ac.uk/cusp/Lectures/Youthforty.htm](http://www.king.ac.uk/cusp/Lectures/Youthforty.htm)

30 August - 2 September *Dublin, Ireland*

*Twenty-eighth annual conference* of the **European Association for Research in Industrial Economics** (EARIE) to be held at Trinity College, Dublin.

Further information from: Dr Ciara Whelan at the address above. E-mail: [ciara.whelan@ucd.ie](mailto:ciara.whelan@ucd.ie) Internet: [www.economics.tcd.ie](http://www.economics.tcd.ie)

september

5-7 September

*Durham*

CALL FOR PAPERS

*Thirty-first annual conference* of the **Regional Science Association International: British and Irish Section** to be held at Durham Castle. The main themes will be: Transport Infrastructure and Economic Development; Telecommunications, E-commerce and Regional Implications; Rural Service Provision; Regional Migration and Housing Markets; Spatial Statistics; Artificial Intelligence and Regional Science. Papers in all areas of regional science are welcome.

Further information from: Annette Roberts, Welsh Economy Research Unit, Cardiff Business School, Aberconway Building, Colum Drive, Cardiff CF10 3EU. E-mail: [robert-sa1@cf.ac.uk](mailto:robert-sa1@cf.ac.uk) Internet: [www.weru.org.uk/dur2001.htm](http://www.weru.org.uk/dur2001.htm)

5-7 September

*Belfast*

The *thirty-third annual conference* of the **Money, Macro and Finance Research Group** will be held at Queen's University, Belfast. Guest speakers include Charles Engel (University of Wisconsin Madison) and Martin Hellwig (University of Mannheim).

Registration and other information: <http://www.qub.ac.uk/recon/>

10-13 September

*Shropshire*

*Annual conference* of the **Agricultural Economics Society** (postponed from April 2001) to be held at Harper Adams University College, Shropshire. Papers will be presented on agriculture, the rural environment, the countryside, rural development, food industries and the food chain.

Further information from: Richard Byrne, Harper Adams University College, Edgmond, Newport, Shropshire TF10 8NB. Tel: 01952 815329 Fax: 01952 814783 E-mail: [rbyrne@harper-adams.ac.uk](mailto:rbyrne@harper-adams.ac.uk)

11-13 September

*Nottingham*

*Annual conference on Work, Employment and Society* to be held at the University of Nottingham. Plenary papers on the theme of Winning and Losing in the New Economy will be presented.

Further information from: Linda Poxon ([linda.poxon@nottingham.ac.uk](mailto:linda.poxon@nottingham.ac.uk)) Tel: 0115 951 5407 Internet: [www.nottingham.ac.uk/wes2001](http://www.nottingham.ac.uk/wes2001)

13-16 September

Jyväskylä, Finland

Annual conference of **EALE** To be held at the university of Jyväskylä.

Further information from: EALE Secretariat at the address above. Tel: 31 43 3883647 Fax: 31 43 388 4914 E-mail: eale@roa.unimaas.nl Internet: www.fdewb.unimaas.nl/eale

14-16 September

Gregynog, Wales

Twenty-sixth annual conference of the **International Economics Study Group (IESG)** to be held at the University of Wales Conference Centre. The conference aims to bring together recent theoretical and applied research in the general area of trade liberalisation, growth, income distribution and poverty at both the macro- and micro-level.

Further information from: Robert Read, Department of Economics, University of Lancaster, Lancaster LA1 4YW. E-mail: r.reade@lancaster.ac.uk

20-22 September

Oxford

CALL FOR PAPERS

Fourth conference of the **European Historical Economics Society** to be held at Merton College, Oxford. The theme will be long term changes in the European economies.

Further information from: Elvira Ryan, St Anthony's College, Oxford OX2 6JF. E-mail: secretary@lac.ox.ac.uk

20-22 September

Milan, Italy

Conference on **EMU Macroeconomic Institutions and Policies** at the Milan-Bicocca University. The conference will provide a forum for new research on theoretical and empirical aspects of macroeconomic policies in EMU.

Further information from: economia@unimib.it Internet: <http://dipeco.economia.unimib.it/workemu/>

october

26-27 October

Crete, Greece

Annual conference of **ASSET** to be held at the University of Crete. The programme will include parallel sessions, discussion panels and lectures.

Further information from: Internet: [asset.ebusiness.uoc.gr](http://asset.ebusiness.uoc.gr)

november

1-2 November

Nottingham

Third international conference on **Money, Investment and Risk** to be held at the Nottingham Trent University.

Further information from: Dr Leighton Vaughan Williams Department of Economics and Politics, The Nottingham Trent University, Burton Street, Nottingham NG1 4BU. at the address above. Tel: 0115 848 5516 Fax: 0115 848 6829 E-mail: [leighton.vaughan-williams@ntu.ac.uk](mailto:leighton.vaughan-williams@ntu.ac.uk)

29 November - 1 December Washington DC, USA

Fourth international conference of the **International Society for Quality-of-Life Studies (ISQOLS)**.

Further information from: [www.cob.vt.edu/market/isqols](http://www.cob.vt.edu/market/isqols)

2002

january

4-6 January

Georgia, USA

Annual meeting of the **Econometric Society** (joint with the American Economic Association) to be held in Atlanta, Georgia, as part of the Allied Social Science Association Meeting.

Further information from: E-mail: [es@www.econometricsociety.org](mailto:es@www.econometricsociety.org) Internet: [www.econometricsociety.org/es/meetings](http://www.econometricsociety.org/es/meetings)

31 January - 2 February

Georgia, USA

CALL FOR PAPERS

Annual conference of the **Georgia Political Science Association** to be held in Savannah. The theme of the conference will be Centralisation versus Decentralisation in Government Systems. Those wishing to present a paper should send proposals by **14 September 2001** to Professor Harold Cline ([hcline@warrior.mgc.peachnet.edu](mailto:hcline@warrior.mgc.peachnet.edu)).

Further information from: Professor Harold Cline ([hcline@warrior.mgc.peachnet.edu](mailto:hcline@warrior.mgc.peachnet.edu)).

## march

14-17 March

Crete, Greece

### CALL FOR PAPERS

*Sixth annual conference* of the **European Society for the History of Economic Thought (ESHET)**. The keynote topic will be: social changes and economic development in the history of economic thought. Those wishing to present a paper should send an abstract (max. 500 words) along with their full contact details **by 30 September 2001** to Professor George Stathakis, Department of Economics, University of Crete, Rethymno, Greece 74100.

Further information from: Professor George Stathakis at the address above. Fax: 30 83 177406. E-mail: eshet2002@econ.soc.uoc.gr Internet: ww.soc.uoc.gr/eshet2002/tinfo.htm

25-27 March

Warwick

### CALL FOR PAPERS

*Annual conference* of the **Royal Economic Society** to be held at the University of Warwick. Papers in any subject area of economics and econometrics are invited. See page 19 for full details.

28-30 March

Florida, USA

### CALL FOR PAPERS

*Ninth annual conference* of the **International J A Schumpeter Society**. The theme of the conference is Entrepreneurship, the New Economy and Public Policy: Schumpeterian Perspectives. Abstracts (max. 2 pages) should be submitted **by 30 September 2001** to Professor Robert Lanzilloti, University of Florida, Graduate School of Business, 201 Bryan Hall, PO Box 117150, Gainesville, FL 32611-7150 (E-mail: lanz@dale.cba.ufl.edu) or to Professor Horst Hanusch, University of Augsburg, Department of Economics, Universitaetsstr. 16, D-86135 Augsburg, Germany (E-mail: horst.hanusch@wiso.uni-augsburg.de).

Further information from: Internet: www.uni-augsburg.de/vwl/hanusch/iss/index.html

## april

10-13 April

New Mexico, USA

### CALL FOR PAPERS

*Twenty-fourth annual international conference* of the **Association for Arid Lands Studies (AALS)** to be held in New Mexico. The main focus of the meeting are on issues of energy, environmental, resource, and land use that are not unique to an economic perspective. Those wishing to present

a paper should send an abstract (150 words) **by 1 November 2001** to David E.R. Gay, AALS Program Chair, Department of Economics, WCOB 402, Sam M Walton College of Business, University of Arkansas, Fayetteville, AR 72701-1201, USA (or E-mail to: dgay@walton.uark.edu).

*Further information from:* Internet: www.iaff.ttu.edu/aals/default.htm

## june

23-26 June

Dublin, Ireland

*International symposium on Forecasting* organised by the International Institute of Forecasters to be held at Trinity College Dublin. Keynote speakers to include: Professor David Hendry (Oxford University) and Dr Bill Swan (Boeing Commercial Airplane Group).

*Further information from:* Professor John Haslett, Department of Statistics, Trinity College, Dublin 2, Ireland. Tel: 353 1 6081114 Fax: 353 1 6615046 E-mail: john.haslett@tcd.ie Internet: www.isf2001.org/

## july

8-10 July

Paris, France

*Fourth conference on Health Economics* organised by the French Health Economists Association (Collège des Economistes de la Santé) to be held at University of Paris 5.

*Further information from:* Secrétariat du Collège des Economistes de la Santé, 7 rue de Citeaux, 75012 Paris, France. E-mail: ces2@wanadoo.fr

## october

10-15 October

Montréal, Canada

### CALL FOR PAPERS

*Fourteenth international conference on Input-Output Techniques* to be held at the Université du Québec a Montréal. Papers in any area of input-output analysis should be sent **by 1 November 2001** to the Head of the Scientific Program Committee (address below).

*Further information from:* Erik Dietzenbacher, Head of the Scientific Program Committee, Faculty of Economics, University of Gröningen, PO Box 800, 9700 AV Gröningen, The Netherlands. Tel: 31 50 363 3813 Fax: 31 50 363 733 E-mail: e.dietzenbacher@eco.rug.nl

# Membership of the Royal Economic Society

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

*The benefits of membership include:*

- Copies of the *Economic Journal*, the journal of the society, six times a year.

The *Economic Journal* is one of the oldest and most distinguished of the economic journals. As well as important articles by leading economists, it includes a substantial section on book reviews and notes, a regular software review section, a section on policy - the Policy Forum - and a recently introduced section dealing with current controversies in economics.

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

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

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

- Discounts on registration fees for the Society's annual conference.

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

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