



■ Correspondence

Letter from America —
How many crises does it take...? p.3

■ Features

Making the world add up p.5
Money, macro and finance annual conference p.9
Bank of England agenda for research p.10
The African slave trade
and modern household finance p.12
Economics Network — teaching online p.13
#EconTwitter — an introduction p.15
Economics Observatory p.18
Behavioural change and alcohol-fuelled violence
— an experiment p.21

■ Obituaries

Geoff Mason p. 25
John Weeks p.26

■ RES News p. 27

Still critical?

When Michael Burda signed off his ‘Letter from Germany’ in our July issue it was doubtless in the expectation that the threat from Covid-19 would be largely eliminated and life would be returning to normal by the time of the next issue. Alas, it was not to be. The news continues to be dominated by the pandemic and its effects and that is reflected in the contributions to this *Newsletter* as much as the last. (And was even more evident in items that we have not been able to use). For many of our university colleagues, dealing with new students and trying to provide some semblance of normal teaching, the situation probably seems worse.

Angus’s Letter from America describes the situation in US universities where Covid poses the obvious threat to students and the product they are being offered, but is also being spread by colleges with inadequate facilities trying to conduct business as usual.

As it did in our previous issue, so too here the Economics Network provides useful hints and advice about teaching online and Dina Pomeranz’s article on #EconTwitter introduces another initiative which owes its momentum in part to life under Covid, though it also touches on another issue we have aired in these pages — communication between economists and the public. What would have been the MMF Annual Conference Report is a report of webinars managed via Zoom, since the Conference itself was cancelled.

Leaving Covid, we report on an interesting experiment on the effect of alcohol and violent tendencies — a report that would have appeared in the Society’s cancelled Annual Conference. The many legacies of the slave trade have been much discussed in the media of late, but the effects on household finance have not hitherto featured. Ross Levine and colleagues repair that omission. And your editor enjoys a stimulating chat with Tim Harford about the origins and message of his latest book.

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The Society's Newsletter

The Society's bee logo

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



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

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Letter from America —

How many crises does it take...?

In his latest Letter, Angus argues that it may take multiple crises to change 'a deeply broken economic and political system.'

AMERICA IS FULL OF CHAOS AND UNCERTAINTY. There are both immediate and long-term threats. There is the virus, not under control, there are the continuing protests since the murder of George Floyd, and there is a looming election that could possibly end in violence. Under all of this is the climate catastrophe, with more hurricanes than ever before in the south and east and record temperatures and wildfires in the west. The consequences of none of these are easily predicted. Perhaps the end of times looks like this, or perhaps this is just the way that a democracy handles existential threats. The journalist Molly Ivins wrote that 'the best thing about democracy is that it is not neat, orderly, or quiet. It requires a certain relish for confusion.' Indeed.

The threat from and to higher education

Colleges and universities are adding to the confusion, spreading the virus through attempted school college re-openings, many botched. There has been rapid refutation of the absurd idea, apparently widely held by university administrators, that seventeen to twenty-two-year-olds, with less than fully-formed brains, would cease and desist from the very activities that bring them to college, which can perhaps be roughly summarized as giving each other Covid. Attending lectures is a secondary consideration, and while Zoom classes are disliked, so are many in-person classes. Several colleges have seen more than 1,000 infections — the University of Georgia had registered 3,045 as of September 10 — and the *New York Times*¹ has identified 61,000 additional cases since late August. College athletics — mainly football and basketball — bringing in around \$14 billion from unpaid players, a high proportion of whom are black², and many colleges are desperately trying to keep their football (\$8.5 billion) seasons alive, in some cases in towns where elementary schools are closed. The schools themselves have no national set of guidelines or protocols, and whether and how to open schools has become politicized, with politicians, parents, teachers, and public health departments often at (loudly expressed) odds. Once again, we often

see the American trait of urging personal responsibility, but with no account for others; the governor of Iowa, Kim Reynolds, in the face of an uproar over Iowa State's decision to 'limit' the attendance at a football game to 25,000, told her audience³ 'don't go if you don't think it's safe.' Like Mrs. Thatcher, Ms. Reynolds apparently does not believe in society. As the governor spoke, tests in the county were finding 27 per cent positive; the university, wiser than the governor, subsequently decided to play the game without spectators. Many colleges will find themselves with inadequate quarantine space, and will send their students home, compounding one bad decision with another, and spreading the virus. Colleges have become the Covid equivalent of 'measles parties.'

It is impossible to predict what will happen in the longer term; we do not know whether normal instruction will

“ ... it is hard not to infer that, so long as the elite are not suffering, and as long as the stock-market remains airborne, our current political system will not help those in trouble. ”

return next year, let alone in the spring. But it is clear that charging tens of thousands of dollars for Zoom classes is not viable for long, that many of the more than 300,000 Chinese students in the US are unlikely to return, and that many small

colleges, already financially strained, are likely to close permanently. I do not believe that the pandemic will be the agent of long-delayed but desirable changes in teaching methods, but the future of residential colleges is unclear, especially their prices — four years at Princeton currently costs \$293,800 — as well as the faculty salaries that they support.

The Confederate insult

The Black Lives Matter movement has provoked a reckoning that is long overdue. That Confederate generals and leaders, many of whom owned and committed atrocities on their slaves, and all of whom committed treason, should be widely honored, with universities, streets, and schools named after them, is an appalling insult whose familiarity does nothing to excuse it. Isabel Wilkerson⁴ has noted the comparison that today's Germany does not call its schools after the leaders of the Third Reich, many of whom learned their racism from the United States. Yet the history of how the Civil War was lost after it had

been seemingly won is neither widely known nor taught. The North abandoned reconstruction in the 1870s, leaving the defeated Confederates to replace slavery with Jim Crow, and to build monuments to honor their leaders. The Virginia Military Institute, the oldest state-supported military college in the US, did not admit blacks until 1968, and until a few years ago, required its students⁵ — black and white — to salute a statue of Stonewall Jackson, a Confederate General, slave-owner, and erstwhile faculty member. In my own university, whose public policy school was named after Woodrow Wilson, few students (or faculty) knew much of Wilson's career, particularly its more shameful episodes. More than 200 Princeton faculty and researchers signed a widely discussed list of demands⁶, including discriminatory favorable employment terms for faculty of color (likely illegal) as well as a faculty committee to vet all research and writings to certify the absence of racism (certainly unwise). The Woodrow Wilson School (WWS), in which I productively and happily taught for more than three decades is now the Princeton School of Public and International Affairs (PSPIA), though we are warned not to attempt to pronounce its five-letter acronym.

The plight of the less-skilled

Meanwhile, inequality proceeds apace. In our book⁷, Anne Case and I have documented the ever-widening divide between those with and without a college degree, in mortality, in morbidity, employment, earnings, and self-reported wellbeing. The Harvard political philosopher, Michael Sandel, argues that the college degree has now become a pre-condition for dignified work and social esteem⁸, so that the two thirds of the population without a bachelor's degree risk humiliation in an ever more unequal meritocracy. And all of this was before the pandemic. Today, employment in the pandemic follows parallel lines, with less-skilled Americans in hospitality and services suffering either job losses or direct health risks while the educated elite continue to work and be paid in safety. Infection-proofing the economy will bring more incentives for automation, for example by replacing cleaners by cleaning robots. Worse still will be the long run effects the children of the less-educated being less likely or less able to use or benefit from distance learning.

... and Congress's contribution?

After overcoming its usual disfunction to pass the \$3bn CARES act, which appears to have done an excellent (under the circumstances) job of preventing hunger and distress, as well as propping up large sections of the economy, Congress has currently returned to its more familiar gridlock, and seems unlikely to pass further assistance to those out of work, or to states whose budget shortfalls are threatening public service jobs. I had previously argued⁹ that further relief would come when

the deaths moved out of blue states into red states, but I was wrong, and it is hard not to infer that, so long as the elite are not suffering, and as long as the stock-market remains airborne, our current political system will not help those in trouble. Many firms who were paid to hold on to employees will release them in October, temporary unemployment benefits and payments have ceased, and it would not be surprising to see food lines and a sharply contracting economy in another month, especially if the college incubators of COVID spread a new wave around the country. I hope that I am wrong. Perhaps there is hope in the idea that it will take multiple crises to change a deeply broken but well-defended economic and political system.

And finally, a *mea culpa*. In my last letter, I misidentified Kamala Harris' father. He is Donald Harris¹⁰, a development economist at Stanford, not (the late) John Harris¹¹ of Boston University. John Harris' paper with Michael Todaro on migration and development was in the top ten list of papers in the *American Economic Review's* first hundred years. I am grateful to Paul Glewwe for the correction.

Notes:

1. <https://www.nytimes.com/interactive/2020/us/covid-college-cases-tracker.html>
2. <https://www.nber.org/papers/w27734.pdf>
3. <https://www.cnn.com/2020/09/02/coronavirus-reynolds-defends-iowa-states-decision-to-host-fans-at-football-stadium.html>
4. <https://www.penguinrandomhouse.com/books/653196/caste-oprahs-book-club-by-isabel-wilkerson/#:~:text=Linking%20the%20caste%20systems%20of,bloodlines%2C%20stigma%2C%20and%20more>
5. <https://www.washingtonpost.com/history/2020/09/09/vmi-stonewall-jackson-statue/>
6. https://docs.google.com/forms/d/e/1FAIpQLSfPmfeDKBi25_7rUTKkhZ3cyMICQicp05ReVaEbpEdYUckYIA/viewform
7. <https://deathsanddespair.princeton.edu/>
8. <https://us.macmillan.com/books/9780374289980>
9. <https://www.project-syndicate.org/commentary/us-connecticut-compromise-1987-and-failed-covid-response-by-angus-deaton-2020-07?barrier=accesspaylog>
10. https://web.stanford.edu/~dharris/professional_career.htm
11. <https://www.bu.edu/cas/remembering-economist-john-harris/>

Making the World Add Up

Tim Harford, 'the Undercover Economist', is a Financial Times columnist, BBC broadcaster, and the author of nine books, most recently How To Make The World Add Up. In this conversation with the Newsletter's editor, Tim talks about the motivation for the book, its origin in the BBC's programme 'More or Less' and the 'rules' that he hopes will protect readers from being misled by statistical claims.

Peter: *Can we start like all good economics presentations with 'motivation'?*

Tim: It starts with 'More or Less', which is the Radio Four programme I've been presenting since 2007. 'More or Less' was created by the journalist Michael Blastland and the economist Sir Andrew Dilnot. The format of the show is to understand the world through the numbers, and to critically evaluate the statistics that surround us. So one might have thought it would be a natural thing for me to write a book, inspired by 'More or Less' — a book about how to use statistics, how to interpret them.

But I didn't really want to do that for a long time. I didn't feel that I had anything new to say. There are so many good books about statistics, including one by Michael and Andrew called *The Tiger That Isn't*. But the experience of going through General Election campaigns and the Brexit referendum in particular made me think hard about what it was that we were doing. It became obvious that there is a lot more to understanding the world than the technical statistical expertise. So much of it is about the filters we bring with us, the way we let our preconceptions, our political ideology, our wishes, colour the way that we see the world. And so that was where *How to Make the World Add Up* took shape as a book that would help you be wiser about the world, both by helping readers be wiser about the numbers, but also by helping readers be wiser about themselves.

If you want it's a combination of *The Art of Statistics*, by Sir David Spiegelhalter, and *Thinking, Fast and Slow* by Daniel Kahneman. I realised that's setting the bar very high for myself but that at least is the aspiration: a book that combines statistical wisdom with a degree of psychological insight.

Peter: *I think I read somewhere that this is your ninth book. What is the relation to earlier books? Is there really more to say?*

Tim: The most obvious connection is with a chapter of my book *Messy*, about targets and Goodhart's Law — and the way that certain kinds of quantitative evaluations of the world can end up changing the world for the worse. This relates to ideas from the anthropologist James Scott and his book *Seeing like a State* — the idea that you're going to have a powerful institution such as a government trying to control the world through statistical metrics and the way that those things can go wrong.

Now *How to Make the World Add Up* is in many ways quite a positive book about the way statistics help us understand the world. But there is certainly a chapter about the tension between two ways of understanding the world. One way is to view the world through statistics, which can hopefully provide a representative overview of everything that's going on, but at the same time can be quite thin or limited, or fall short in ways that we don't fully understand when we look at a spreadsheet. The alternative is to perceive the world through personal experience, which is a biased, narrow, selective spotlight on the world, but at the same time is extremely rich and visceral. I found it interesting to reflect on those two ways of seeing the world, and I hadn't really seen anybody else cover that topic to my satisfaction.

Peter: *For those who have not read the book we should explain that it has ten principal chapters each of which suggests a 'rule' we should adopt when faced with statistical claims. These are then brought together in a final chapter where they are shown to be ways of following a 'golden rule' which amounts to 'being curious'. Before reading the book I would have said that many people are 'curious'. But maybe what I'm seeing is scepticism or even cynicism and these are different from 'curiosity'?*

Tim: I think you're right that many people are curious or at least curious about certain things. But I think there is a difference between the curious frame of mind and the cynical. A healthy scepticism of course is part of a curious mind. But cynicism can really curdle into a deeply incurious way of looking at the world. It says, 'I don't really understand what's going on and I don't really care, because I'm sure that they're up to no good.'

I think you're right that these concepts can easily be conflated. There is a very short step from the motto of the Royal Society *nullius in verba*, 'take nobody's word for it', to a far more cynical 'nobody knows anything'.

One of the lamentable historical episodes that I refer to in the book is that in the 1950s, the tobacco industry became very clever at mutating some of the core values of science — calling for more research, emphasising uncertainty, highlighting debate between experts. Scientific ideals were very subtly perverted to help people reach the conclusion the tobacco industry wanted them to reach, which was, '...gosh, it's all very complicated — and while they figure it out, I have an excuse to keep smoking'. Raising doubts can be very powerful.

Peter: *I notice early on that you identify Darrell Huff and his How to Lie with Statistics as an extreme example of cynicism. I thought you were being a bit harsh at first since I'd taught from the book many years ago and picked up only his scepticism but that was before I learned (from you) about his evidence to the US Committee on smoking. That was pretty shocking.*

Tim: Yes, it is. Huff showed up to testify in front of a Senate Committee that the correlation between smoking and cancer was as flimsy and coincidental as the correlation between storks and babies (there is, as it happens, a correlation between the breeding population of storks and the number of babies born in each country in Europe). Huff of course is not the only figure in statistics to stand up for the tobacco industry and to be paid by the industry. Ronald Fisher is the most famous example; so yes, this is a quite dark and depressing history. I loved Huff's book too — but we have to face up to where that sort of relentless debunking can take us if we're not careful.

The fact that Daryl Huff even drafted this sequel, *How to Lie with Smoking Statistics* is astonishing. It was good for his reputation that the book was never published, but the statistician Alex Reinhart has painstakingly excavated the draft chapters and put them online: <https://www.refsmmat.com/articles/smoking-statistics.html>

Peter: *Can we come back to the rules? You list ten. Most authors are space-constrained, so I'm just wondering whether you are conscious of other cautions that you might have included?*

Tim: I could have added plenty of technical or semi-technical ideas — such as the difference between the mean, the median and the mode — but you can get that sort of thing in most good popular books about statistics.

So I wanted to do something different — which, for example, is why the first chapter in the book doesn't have any statistics in it at all. Instead, it's about the psychology of an expert being fooled by a con man — wrapped around an absolutely astonishing art forgery, which rocked the post-war Netherlands. I focused on that story because I wanted to show how and why technical expertise isn't enough to prevent us fooling ourselves.

The psychology matters. I wanted people to understand their own filters rather than giving them a long list of pieces of technical advice that they could get elsewhere — and which many people are just going to ignore anyway if they aren't motivated to overcome their emotions and calmly evaluate the numbers.

Peter: *I mention omissions because I've been concerned for some time about 'dispersion'. We're used to figures being quoted in the media which are averages — and may well be accurate as averages. But behind each average is a degree of dispersion, usually measured as a*

variance, which might be large or small. We very, very rarely hear mention of the dispersion. The result is that the public becomes fixated on a point value as representing the norm, when they should be thinking about a range. It's particularly important just now where raised temperature maybe an early indicator of Covid_19 infection. Many people will take their own temperature having the figure of 36.8C in mind since that was the average found by Wunderlich in mid-C19. But the NHS advice on their website begins: 'Normal body temperature is different for everyone' and advises being unconcerned unless the reading is >38C. Similarly with other common medical tests. So we have large numbers of 'worried well'. Do you see this as a problem or am I imagining a danger?

Tim: I think that's a very insightful comment. There are several issues packed into it. Andrew Dilnot and Michael Blastland have the best one liners about averages: They say that the average is like trying to perceive everything in a room by looking through a keyhole. They also observe that on average, a rainbow is white. So I think you're quite correct. Some averages are extremely misleading, but even an accurate and representative average is missing out a great deal of information.

It's interesting to reflect on this in the context of economics. In the last 15-20 years, economists who study inequality such as Piketty, Saez and the late Tony Atkinson, finally gained some attention and influence. (To a lesser extent so have economists such as Raffaella Sadun and John van Reenen, who study dispersion of productivity or management quality across firms.) Inequality is absolutely central to what undergraduates want to study when they become economists: they feel it's a vital issue. But for a long time economics has focused on average income or productivity, not the dispersion.

Then there's the question of how to visualise dispersion. The Bank of England has the fan charts that it uses to demonstrate its range in its forecasts. Fine — but a possible critique of those fan charts is that if you're making a forecast, how do you know what the future variance is going to be? Where do those probability ranges really come from?

We seem often to see outcomes that are well outside the probability ranges. One in a century events such as the 2008 financial crisis and the pandemic have happened not just within living memory but within all too recent memory. The kind of critique that someone like Nassim Taleb would make is that we're fooling ourselves when we think that our measures of variance are capturing the true uncertainty. So yes, the answer to your question is yes, this is a very interesting issue. There's a whole book about it by Todd Rose, *The End of Average*, about what gets lost when we try to summarise using the average person. Usually, of course, the average man; women don't tend to get a look in as Caroline Criado Perez has highlighted in her excellent book *Invisible Women*.

Peter: *Granted that we should approach statistical statements with 'curiosity' is there any one of your rules that you would stress over others?*

Tim: The rule I tend to find myself stressing is the rule that I think most technical experts find most surprising, which is the first rule, to notice your emotional reaction to a claim. When you read something on social media or in the newspaper, or hear it on the radio, do you respond with triumph because you've been vindicated? Or disbelief, denial, it can't possibly be true?

I think if we learned anything over the last few years, it's that emotions are stronger than reason. In many cases, our emotional responses are extremely powerful, even for very smart people.

You can't control your emotional reaction. You can't negate your emotional reaction. But I think if you notice your emotional reaction, you are at least in a position to escape to some extent being a cognitive prisoner of your own emotions.

The second rule I'd stress is to think seriously about what a claim actually means. We need to step back and get some context for whatever claim is being made. Here's a number. Is that number, higher or lower than it was last week, or a year ago, or a decade ago? If it's a UK number, how does it compare to France? How does it compare to Germany to Spain?

Can we put the number into some other kind of context? If it's a large item of government spending, how much is that per person? If we're talking about COVID cases, well, maybe how many infections per million people per day? Just something that lets us get our arms around the topic. One concept I found very useful comes from a writer called Andrew Elliot: landmark numbers. Landmark numbers are just numbers you carry around in your head to provide context for others. So, you know, for example, the population of the UK is about 65 million. You know that the height of the Empire State Building is 381 metres, and the budget of the UK National Health Service is about 125 billion pounds, perhaps a bit more.

These numbers don't need to be exactly right. But if you have a few of them stored in your memory, you can start comparing numbers to each other, you can start comparing quantities that you don't understand to the quantities that you do understand.

My friend the mathematician Matt Parker said, it's like you'd encounter a strange number, and you get a friendly number to introduce you to the stranger. And then you understand the stranger as well. I know it sounds simple, but you can derive so much insight from just understanding the context and getting the right comparisons. Alternatively, think of this as advice about communicating to a less-informed audience: if you make comparisons to things people understand, you make progress.

One more thing: some comparisons are designed to arouse anger or awe. To compare the national debt to a pile of dollar bills stretching towards the sun, for example, is terribly useless: we don't know how many dollar bills to the metre (it's nearly 10,000 — but I had to look it up) and we don't know how far away the sun is (at least, not intuitively) and even if we knew both of those things, neither of them has helped us understand whether the debt is large or small, rising or falling, a problem or not a problem.

Peter: *I agree entirely with that. Commentators seem able to create the most unhelpful images in the cause of 'clarification'. But moving on to something else in the book that appealed to me, I notice that quite a number of your demonstrations of the need to be careful draw on work in behavioural economics. The names of Loewenstein, Kahneman, Tversky and others recur. I know you trained originally as an economist and I'm wondering whether your appreciation of the revelations in statistics from behavioural science lead you to think that maybe mainstream economics itself should be more open to work in this area. As you know, curriculum reform has been a lively topic in economics for a number of years.*

Tim: I think mainstream economics should be open to behavioural economics and my impression is that this is already under way. When I was an undergraduate in the early 1990s I certainly encountered Kahneman and Tversky's work on decisions under uncertainty very early on in my micro economics course. That was before Tversky died and before Kahneman won the Nobel memorial prize. So that influence was there. And I'm sure it's increased since Richard Thaler has also won the Nobel. So we seem to be paying attention already. As a journalist and a writer, behavioural economics strikes me as a very rich source of things to write about and to think about. I don't regard it as a knockdown argument against all traditional economics, and I don't think of it as being the only somewhat heterodox approach that could illuminate our thinking about the economy. Using ideas from physics or biology or anthropology can give us insight just as much as using ideas from psychology. Economies are very complex systems, and so we have to be open-minded about the intellectual tools we use to study them.

Peter: *Before we close, could I just ask a question about the style of the book? 'Statistics' and 'a good read' are not terms that often recur together, but I did enjoy reading it and I think I know why. I set out to read one chapter at a sitting and make notes. But inevitably I glanced at the next chapter and found I had to continue, and that's because each chapter begins with a case in point, a real world example of something that has really gone wrong because of the failure to apply the rule (which is elucidated later). Chapter 2 on 'feelings', for example begins with the case you mentioned earlier of Abraham Bredius, a highly-respected and experienced art critic who (in 1937) was fooled into identifying as a genuine Vermeer a paint-*

ing that was not only a fake but a crass and incompetent fake. The next chapter 'Ponder your personal experience' opens with the startling revelation that Transport for London believes the average occupancy of a London bus is just twelve passengers. When faced with such tantalizing news at the opening of a chapter we need to know where this is leading and want to read on. I take this approach as a conscious decision?

Tim: I am so glad that you enjoyed the storytelling! I was trying to take my own advice about sparking curiosity. At the end of the book I quote Orson Welles as saying that an audience can understand anything, provided they are interested. My challenge, then, is to make sure that you're always interested — which is why the data visualisation chapter includes an aside on Picasso's alleged contribution to naval camouflage, and the chapter about official statistics begins with a stripper, a congressman, and a police chase. I love numbers but I like a good story, too.

Peter: *It might be an exaggeration to say that the book is impossible to put down but it's certainly a page-turner. We look forward to the next!*

New *Inomics Handbook* published

In our October 2019 issue, we announced the launch of a radically re-designed and enlarged *Inomics Handbook*.

A new, 2020, edition was published last month and can be downloaded (for free) at:
<https://inomics.com/handbook>.

This year's edition covers:

- COVID-19 special: How the crisis could change the role of government
- The case for tax reform in the UK and US
- The economic bias women face in Europe
- High-salary career options for economists
- Guide on how to survive your first job
- Examination of the student debt crisis in the UK and US and how economics can help solve it
 - An interview with Stanford Professor, Matthew O. Jackson
- Recommended study and career opportunities

Call for collaboration on INOMICS Handbook 2021: if you would like to contribute an article for the next edition — whether on recent research, study or career advice, or anything else you believe appropriate — please contact anna.swilak@inomics.com

Funding Call

BA/Leverhulme Small Research Grants 2020-21

The British Academy is now accepting applications for the BA/Leverhulme Small Research Grants scheme.

The deadline for applications is
5pm (UK time) on Wednesday 11 November 2020.

Purpose of the scheme

The BA/Leverhulme Small Research Grants are available to support primary research in the humanities and social sciences. These awards, up to £10,000 in value and tenable for up to 24 months, are provided to cover the cost of the expenses arising from a defined research project.

Eligibility

Awards are open to postdoctoral scholars (or equivalent) who are ordinarily resident in the United Kingdom.

Applications require the approval of the applicant's employing institution but are not limited to those of any particular status (e.g. Lecturer, Professor etc).

Applications may be made by independent scholars (who should choose 'independent scholar' as the relevant choice from the list of organisations in Flexi-Grant).

Co-applicants may be from anywhere in the world, but the principal applicant must be ordinarily resident in the UK.

Level of award

Awards are up to £10,000 in value and tenable for up to 24 months, and provided to cover the cost of the expenses arising from a defined research project.

Applying for this scheme

The application form is available on the Academy's Flexi-Grant system.

Scheme guidance notes and FAQs are available at:
<https://www.thebritishacademy.ac.uk/funding/ba-leverhulme-small-research-grants/>

Applicant deadline: **11 November 2020**

Results expected: **31 March 2021**

Earliest project start date: **1 April 2021**

Latest project start date: **31 August 2021**

If you have any questions, please contact grants@thebritishacademy.ac.uk

Money, Macro, Finance Society Annual Conference

— one of Covid's many victims (but recovering well)

The Money, Macro and Finance Society (previously 'Research Group') holds its Annual Conference in early September and its reports have been one of the longest standing features of this Newsletter, going back at least to the year 2000. The Society itself has held conferences since 1969, as the precursor to the Money Study Group, led by Harry Johnson.

Sadly, this year's conference, like so many others (including of course the Royal Economic Society's own) was cancelled. It was, however, replaced by a series of webinars, the first of which took place on the 1st September, the day that the Zoom Corporation announced a 355 per cent year-on-year increase in second quarter profits.

Those who signed up for the events were privileged to hear:

1st September

Janice Eberly, the James R and Helen D Russell Professor of Finance, Kellogg School of Management at Northwestern University talk about **Uncertainty effects amid the Covid-19 pandemic**. The session was chaired by Paul Mizen, MMF Chairman and Jonathan Haskel was the discussant. Janice provided evidence on uncertainty effects of Covid on the investment by firms and consumption patterns of households in the US. Far from giving a downbeat view of Covid, despite the overall negative impact on investment, Eberly reminded the audience that there is also an upside, as firms take new opportunities presented by the disruption (think of the Zoom phenomenon as an example). Investment has not been as weak as it might have been. Investment and consumption patterns are shifting away from in person services (restaurant meals, beauty treatments, overseas holidays etc) Jonathan Haskel then provided a complementary view of the UK picture, which matched the US very closely showing a decline in social spending and work-related spending .

2nd September

Steven Davis, the William H Abbott Distinguished Service Professor of International Business and Economics, University of Chicago Booth School of Business on **Economic Uncertainty and Covid as a Reallocation Shock**. The session was chaired by Wendy Carlin, Vice President, MMF Society, with Petr Sedlacek as discussant. Steve summarised the astonishing increase in uncertainty, by any conceivable measure, since the Covid pandemic and the associated impact on the labour market. Financial markets data and business surveys all point to a much greater level of uncertainty, and while this has declined in the financial sector, on the high street it is more persistent. Covid is more than an

uncertainty shock, it is a reallocation shock. Many employees have been laid off and they may not return to their original employers. The employment situation for the future depends on the extent to which they can be reallocated to other jobs, and the ability of firms to pivot to new modes of production and distribution as new behaviours stick.

3rd September

Markus Brunnermeier, the Edwards S Sanford Professor of Economics, Department of Economics at Princeton University on **The Digitalization of Money**. The Chair for this session was Sir Dave Ramsden Deputy Governor, Bank of England and MMF President and the discussant was Raphael Auer. Markus discussed rethinking money in a digital age by addressing questions such as Will private digital money drive out cash? Will central banks lose their grip on monetary policy? And will Central Bank Digital Currencies (CBDC) be the answer? The landscape in finance is undergoing a transformation as banks are being replaced by payment platforms (think Paypal), which bundle up services with their payments technology. The role of central banks in this new landscape was the focus of the presentation and in particular the place of public money versus private money to manage the macroeconomy. Raphael Auer, discussed the paper and through that it is unlikely that private sector initiatives will provide the foundation of the monetary system, irrespective of technological progress. And CBDC can still be the answer, as they may allow central banks to offer a basis for innovation and novel public-private partnerships for the digital era. Digital currency is not a threat but an opportunity that will improve over time and be better coordinated by central banks.

We all know that webinars are an imperfect substitute for face-to-face meetings but feedback suggests they were enjoyed the participants (including your editor). The Zoom meetings were recorded in the MMF YouTube channel and are available for those who missed them through links on the MMF website (www.mmf.ac.uk). Maybe we should not begrudge Zoom its extraordinary profits.

The Bank of England Agenda for Research

In this article, Stephen Millard discusses the new 'Bank of England Agenda for Research'. He lays out the Bank's current research themes within the overall agenda and discusses ways in which the academic community can engage with it.

In February 2015, the Bank first published an external research agenda. Five years later, and with a much changed economic landscape, we considered it time to take stock and think through where our research needed to go over the next five years. As a result, we recently launched the *Bank of England Agenda for Research (BEAR)*, which went live on September 1st on our website.¹ In order to launch the *BEAR* to the academic community, we sponsored a Special Session at the Central Bank Research Association (CeBRA) Conference on September 2nd where Viral Acharya (New York University), Diane Coyle (Cambridge University), Darrell Duffie (Stanford University) and Andrés Velasco (London School of Economics) each offered their thoughts. The session is available to watch on YouTube.²

The BEAR is based around five themes:



The Monetary Toolkit theme seeks to explore the new issues for monetary policymakers that have emerged over the past few years. This theme includes developing a better understanding of novel policy instruments, the challenges and strategic responses to the effective lower bound and incorporating heterogeneity into macro models. Another element of this theme is how central banks can and should use communication as a policy tool.

The Open Economy theme is focused on the changing nature of economic and financial linkages. This includes changes to trading networks induced by Brexit and changing supply chains, a deeper understanding of the role of capital flows, and the changing role of exchange rates.

Another element of this theme is changes in, and the future prospects for, the international monetary system.

The Prudential Framework theme seeks to develop analytical apparatus to support regulatory decisions. This includes enhancing our set of macropudential models, better understanding the interaction between different policy tools, and work on non-bank financial actors. A final element of this theme is supervisory issues.

The Future of Finance theme centres on the issues raised by innovations and systemic developments in the financial sector. This includes the impact of new technologies such as Artificial Intelligence, Machine Learning and algorithmic investment on the financial sector, the deployment of this technology for supervisory purposes (Suptech) and the issues around Central Bank Digital Currency. A broader element of this theme is how the

system as a whole can efficiently manage risks and allocate resources.

The Transformed World theme is focussed on underlying developments, beyond the realm of traditional economics which are relevant for central banks. This includes fundamental risks such as Covid-19 and climate change, understanding the so-called 'New Economy' and assessing the consequences of automation. Another element is better understanding the determinants of business dynamism.

Deepening academic engagement

As in 2015, an important reason for our advertising the *BEAR* to the academic community is our wish to engage

and work with academic researchers on these issues. We actively encourage our researchers to work with researchers in the academic sector and offer academic economists the chance to engage with us. There are several ways for experienced researchers to get in touch with us, set out in the new *working with us*³ section of the website. We also encourage PhD students to apply to our PhD internship programme where they have the opportunity to work closely with our researchers on a research project. We also have a Research Visitor Programme⁴ and the Houblon, Norman and George Fellowships⁵, which bring external academics into the Bank to work with us for a period of time. And in 2018 we launched a dedicated twitter handle, @BoE_Research⁶, providing the latest information on our research publications and activities.

We continue to engage more generally with the academic sector, particularly in the United Kingdom, through conferences and seminar series. Despite the challenges of Covid-19 and remote working, these programmes have continued to work, and we very much value the exposure to external ideas and people that they bring.

The Bank is a member institution of the Centre for Macroeconomics⁷ and Ben Broadbent (Deputy Governor for Monetary Policy) chairs its Advisory Board. The Bank has long been a supporter of the Money, Macro and Finance Society (MMF)⁸ and Sir Dave Ramsden (Deputy Governor for Markets and Banking) is its Honorary President. And the Bank also continues to engage directly with UK university departments through its representative on the Conference of Heads of University Departments of Economics (CHUDE)⁹.

As the economy evolves, so do the Bank's main areas of research interest. As part of the *BEAR*, the Bank will issue a set of annual priority topics within the five themes for each calendar year, setting out narrower and more timely research questions. These priority topics are published as part of the *BEAR* document on the website.

Conclusion

Since first publishing a research agenda externally in 2015, Bank researchers — often in conjunction with researchers from outside the Bank — have pushed forward our economic knowledge within the themes laid out in that agenda. But we want to go further and that is why we have launched the *Bank of England Agenda for Research* with five new themes. There is still much to be done to increase our knowledge in those areas that are crucial to the Bank's mission of 'Promoting the good of the people of the United Kingdom by maintaining monetary and financial stability'. And the more we can continue to engage and work with the academic sector, the more our knowledge in these areas will grow. Please do get in touch if you'd like to know more about what we do, explore future collaborations, or participate in one of our programmes.

Notes:

1. <https://www.bankofengland.co.uk/research/bank-of-england-agenda-for-research>
2. <https://www.youtube.com/watch?v=LZfgoj0iCoU>
3. <https://www.bankofengland.co.uk/research/bank-of-england-agenda-for-research/doing-research-with-us>
4. <https://www.bankofengland.co.uk/research/visitor-programme>
5. <https://www.bankofengland.co.uk/research/research-funding-and-fellowships>
6. https://twitter.com/BoE_Research
7. <http://www.centreformacroeconomics.ac.uk/Home.aspx>
8. <https://www.mmf.ac.uk/>
9. <http://www.res.org.uk/view/chude.html>

RES

Young Economist of the Year Essay Competition winners

By the time this *Newsletter* is published, the winners of the Society's Young Economist of the Year Essay Competition will be announced on its website. In association with the *Financial Times*, the RES asked A-Level students to write an essay on one of five given topics. There will be six winners, with prizes awarded for:

Best overall essay — £1000 and the opportunity to be published in the *Financial Times*

Best essay on each topic — £200 each (x5 prizes)

You can read more about the Essay Competition on our website. <https://www.res.org.uk/>

RES 2021 Annual Conference

12-14 April 2021 at Queen's University Belfast

Our intention is that the conference will be a face-to-face conference within any government guidelines in place at the time of the event. However, if guidance means that a face-to-face conference is not viable, the RES are developing contingency plans which will be communicated at the earliest opportunity.

Further details on p.27

The African Slave Trade and Modern Household Finance

Ross Levine, Chen Lin, and Wensi Xie¹ show that the brutal extraction and enslavement of people from African between 1400 and 1900 is directly linked to distrust and poorly functioning financial systems today.

ACCESS TO FINANCIAL INSTITUTIONS helps people save and borrow money that they can use to start a business, meet medical emergencies, educate their children, and even to start a business or buy a house. Yet, many in Africa do not have access to even basic financial services. For example, the World Bank notes that two-thirds of African households are ‘unbanked’, meaning they do not have a relationship with a financial institution that can facilitate savings, transactions, and borrowing.

Given the importance of access to financial services for household welfare, the question arises as to why so many in Africa do not have such access. An enormous literature searches for potential deficiencies in financial regulations and in the ability of legal systems to enforce financial contract efficiently. Research stresses that poorly functioning financial systems may be a result of poverty, suggesting that some countries may be stuck in equilibria involving economic and financial underdevelopment.

In a recent paper published in the *Economic Journal*², we look back a few centuries and explore another possible determinant of the functioning of household finance in Africa: The devastating impact of the global slave trade that ravaged Africa most intensely from 1400 to 1900. Specifically, we provide the first evaluation of the impact of the African slave trade on household finance today.

Previous research suggested how the intensity with which people were captured, enslaved, and exported from Africa could influence modern household finance. The violent capture and extraction of people from their homes had devastating effects on trust among those who remained. In particular, when people were captured from their villages—often through inter-African village raids—and sold to Europeans, Americans, Arabs, and Indians, this damaged social cohesion. Past research shows that the distrust generated by the slave trade endured throughout the centuries.

The importance of trust

Trust is crucial for well-functioning of financial institutions. In order for people to place their savings in banks, they must feel trust that the banks, regulators, and government will not steal their funds. Similarly, financial institutions must be able to trust that a loan recipient will pay them back. Without trust, the cost of enforcing every single contract would become overwhelming and reduce the overall availability of financial services. In our research, we show that the African slave trade continues to have a

major influence on trust in financial institutions and the functioning of household finance across Africa.

To measure the intensity with which people were captured and enslaved during the period from 1400 through 1900, we use data on the intensity of the slave trade both within 51 African countries and within 186 ethnic groups across the African continent. To isolate the effect of the slave trade on the operation of household finance, we must control for other factors. When examining the country-level data, we control for the operation of the country’s legal system and how long it has been independent. We also control for features about each household in our study, such as education, income, and other demographic traits. When examining the ethnicity-level data, we can go further. The ethnicity-level measure of slave exports, when combined with ethnicity-level measures of the operation of household finance, provides a unique vehicle for better identifying the impact of the slave trades on household finance while controlling for all country characteristics. In this way, we examine how differences in the slave trade at the ethnicity-level influence household finance at the ethnicity-level while controlling for all country traits and a full array of household features too.

Results

We discover a strong, negative correlation between the intensity of a country’s historical exposure to the slave trade and the rate that households currently own or use an account or debit card at a bank or other formal financial institutions; save money at formal financial institutions; obtain short-term loans, credit cards, or mortgages from banks; and use the internet or mobile phones to make financial transactions.

To quantify the magnitude of the effect, we consider a hypothetical scenario. Take one group of countries with a relatively high intensity of slave trading (such as Sierra Leone, Malawi, Ethiopia, and Guinea). These are countries at about the 75th percentile of the cross-country distribution of people per capita who were captured, enslaved, and exported from Africa. Also, consider a second group of countries with relative low intensity of slave trading (countries such as Burundi, Zimbabwe, Niger, and South Africa), which are countries at about the 25th percentile of the slave trade distribution. Our estimates suggest that holding everything else constant, if the high intensity countries had experienced the same

extraction of people per capita, then the probability that the average person in those countries would have saved at a bank, received a bank loan, or made a transaction with a mobile money account would have increased by 50 per cent. In a continent with a low starting point for participation in the financial system, that represents an increase in financial inclusion for millions of Africans.

We also provide evidence suggesting that the slave trade influences modern household finance through its effects on trust between individuals and formal financial institutions. We discover a strong, positive relation between the intensity of the slave trade in a country and the extent to which households distrust banks or other types of formal financial institutions. This finding is consistent with the view that the historical slave trade had an enduring, deleterious effect on social cohesion that in turn manifests as distrust in financial institutions.

Critically, the results from the analyses exploiting the ethnicity-level slave trade measure are fully consistent with those using the country-level slave trade measure. We find that the intensity with which people from particular ethnic groups were enslaved and exported from Africa is positively linked with how households from those same ethnic groups perceive the severity of credit constraints today.

Using these ethnicity-level slave trade data, we also reexamine whether the slave trade influences modern household finance through its effects on trust. Consistent with the findings using country-level slave trade measures, we find that the positive relation between ethnicity-specific enslavement and household financial constraints today is stronger in places with greater mistrust in the financial sector.

Taken together, the evidence is consistent with the view that the slave trade from 1400 through 1900 had an enduring, deleterious effect on social cohesion that continues to harm the provision and use of household financial services. Given the importance of trust for the operation of financial systems and the importance of financial systems for economic prosperity, this research advertises the long-term benefits of building trust in countries that were brutalized by slavery.

Notes:

1. Haas School of Business, University of California, Berkeley (Levine); Hong Kong University (Lin); Chinese University of Hong Kong (Xie).
2. *The Economic Journal*, Volume 130, Issue 630, August 2020, 1817–1841, <https://doi.org/10.1093/ej/ueaa015>



Economics
Network

The challenges and opportunities posed by teaching online

Alvin Birdi and Ashley Lait report on the Economics Network Virtual Symposium

The spread of the coronavirus pandemic around the world this spring upended universities, and academics found themselves having to quickly adopt entirely new ways of working. Both classes and exams moved online as staff and students returned home and campuses closed. These dramatic events raised significant questions over what teaching would look like, whether students would engage in online classes, and how their learning could be assessed without in-person exams.

As the EN's core mission is to promote innovative and effective teaching, we felt an imperative to rise to the occasion and offer support to our community as they made this transition online. With the help of our dedicated Associates, we launched a wide-ranging virtual symposium in June. Originally conceived as a one-off event, this symposium has now expanded to four themes and counting, and has welcomed participants from across the globe. In line with best practices in online learning design, and in order to 'practice what we preach', each theme has consisted of both asynchronous elements (where participants

engage in their own time) and synchronous elements (where participants engage in an online real-time event).

The first theme addressed 'engaging students and academics with online learning' and was led by Cloda Jenkins (UCL) and Dimitra Petropoulou (LSE). It was clear from our online survey conducted in May that creating meaningful student engagement and interaction was one of the key concerns of academics regarding online teaching. Yet despite their worries, 81.6 per cent of our survey respondents (87 academics split almost evenly between research and teaching track) also reported that online learning would bring new opportunities for innovative ways of actively engaging students in their learning.

Contributors to the session emphasised the importance of the carefully planned complementary use of both synchronous and asynchronous sessions to foster a vibrant learning community. The use of various platforms and tools, some appropriate for synchronous teaching such as response systems and breakout rooms and others

Features

geared towards asynchronous teaching such as discussion boards (e.g. Piazza) were discussed as effective methods to encourage student participation.

- There is a wealth of resources on student engagement available on our website at:
www.economicnetwork.ac.uk/events/symposium2020/theme1

The second and third themes tackled some challenges that are specific to economics as a subject discipline, namely teaching data methods online and teaching theoretical economics with Excel online. In class, teachers increasingly invite students to engage in practical data work in computer labs, using Stata or other software. However, in this new online world, these opportunities for interaction in computer labs have been removed.

Guglielmo Volpe (City University), Ralf Becker (University of Manchester), Steve Proud and Edmund Cannon (University of Bristol) developed a suite of resources with suggestions for their use, designed to help with teaching students the practical skills of data handling and coding within an online environment.

- These resources are available at:
www.economicnetwork.ac.uk/events/symposium2020/theme2

In addition, the symposium explored how one might use Excel for teaching economic theory, rather than as a data manipulation tool. Humberto Barreto (DePauw University) and Annika Johnson (University of Bristol) both demonstrated simple simulations in micro and macro theory that can be used flexibly both in a live teaching session or given to students to work on in their own time. These examples provide a particularly effective use of a simple, well-known and widely available tool for effective teaching in an online world.

- The simulations and other information on teaching with Excel can be found at:
www.economicnetwork.ac.uk/events/symposium2020/theme3

The fourth theme addressed what has been seen as perhaps the most significant challenge since March - namely, how can we assess students if they are unable to sit a closed book exam in an invigilated hall? Led by Cloda Jenkins, Parama Chaudhury (both UCL) and Stefania Paredes-Fuentes (University of Warwick), this theme entitled 'adaptable assessment in economics' highlighted how the online environment lends itself well to assessments that explicitly test how students use the content and theory they have learned to solve practical problems rather than the often more memory-oriented testing that is common within closed-book examinations. There was, of course, some discussion about the risks of cheating and collusion in online settings, but the dominant mood in the Zoom chat was that the learning opportunities afforded

by a more research-focused and authentic mode of assessment significantly outweighed these risks.

The theme invited a special guest, Kay Sambell, an expert on pedagogy and assessment from Edinburgh Napier University, who was interviewed by Parama Chaudhury. She emphasised the benefits of conceiving of assessments from the perspective of a degree programme as a whole and noted how authentic assessments which invite students to use skills they will need in later life are well suited to the online environment.

- Resources and guidance on developing adaptable assessments is available at:
www.economicnetwork.ac.uk/events/symposium2020/theme4

Overall, the welcome message from the symposium was that the key elements of teaching that we are familiar with, namely relationality and dialogue with students and active learning, haven't changed, but they must now be filtered through new tools and methods. There was also a hint of new possibilities in pedagogy and assessment that arise from productive discussions of the kind held in this symposium, and as summed up best in a comment by Fabio Arico (University of East Anglia), it is evident that 'we have a fantastic community of scholars willing to share resources, debate, and support each other. We should take pride in this'.

Ralf Becker¹ adds —

Discussion boards in teaching

As Alvin Birdi and Ashley Lait argue in their piece on the challenges and opportunities of online teaching, we, as lecturers, will have to put an increased emphasis on enabling asynchronous learning opportunities for students. While providing directed reading and recorded videos will be prevalent as a content delivery tool, as lecturers we will also have to think about the communication channels we offer students. With scheduled on-campus meetings not being available, certainly in the short-term future, we should expect an increased need for students to get in touch with teaching staff.

Wouldn't it be great, if that communication flow could be directed away from our email accounts towards a forum in which communication between students and teaching staff is open and shared? This is exactly what discussion boards do. While they do not promise that we have to communicate less with students, they do offer the possibility for our communication with students to benefit a broader group.

Since university-wide virtual learning environments (VLEs) became prevalent, many colleagues have occasionally dabbled in setting up the built-in discussion boards.² Anecdotally, and that includes some of my own

experiences, just making discussion boards ‘available’ will not make these a vibrant and used space. In fact, it takes significant effort on behalf of lecturers to seed the discussion board and to tie it into the remainder of our unit’s learning opportunities.

This is also a message re-enforced by many comments students made via a survey in which we asked them about their use of discussion boards. The main message coming from that feedback is that, for discussion boards to become a useful place of learning for students, they need to see teaching staff being involved. That role need not be that lecturers have to respond quickly and comprehensively to all queries, but students do feel the need for a guiding and moderating presence of teaching staff. More ideas and details of my experiences and the student feedback are available from the links below.

- A more detailed experience report of using discussion boards can be found here:

<https://sites.manchester.ac.uk/humteach-learn/2020/09/09/my-experience-with-discussion-boards/>

If you missed the symposium, the resources and videos of the live sessions are all available on our website at the links above.

Notes:

1. University of Manchester and Economics Network
2. Some further reading: Steven Proud (2018) ‘You’ve got mail: The impact of online message-boards on performance in first year undergraduate mathematics and statistical methods units’, *International Review of Economics Education*, 28, 49-57, <https://doi.org/10.1016/j.iree.2018.05.003>

#EconTwitter — an introduction

Communication with the media and public has been a major concern for the Society (and others) since the financial crisis of 2008. Twitter is becoming an increasingly popular space for economists to exchange ideas with each other, share and discuss new work, and build a community. Dina Pomeranz¹ summarises a few points about #EconTwitter based on a recent presentation she gave at the European Economics Association’s Annual Congress about what #EconTwitter is and how it can be used by economists between themselves and beyond.²

What is #EconTwitter?

This expression is a name for all activities by economists on Twitter. Similar communities exist in other fields, such as #EpiTwitter among epidemiologists or #StatsTwitter among statisticians. It is a large and in general quite constructive community, where economists share research and economic debates with a broader audience, exchange information, and learn about things happening in economics research as well as in the profession. For many, it provides an opportunity to connect with a wide range of other economists both on a personal and professional level. Economists on Twitter not only share information about their own research, but often also discuss interesting work by others, or disseminate opportunities for students and researchers.

What are some of the benefits?

- Being connected with a wide range of other economists. This can be especially useful for researchers who are not located in one of the major centres of leading economics research.
- Learning about new papers and research projects.
- Getting to know other economists on a more person-

al level without meeting in person, as many active participants on Twitter also share personal challenges as well as fun experiences.

- Following along at conferences and events, as people live-tweet the content during presentations or panels that are not live streamed.
- Connecting with researchers from other disciplines, with policy makers and other people interested in economics and other social sciences in- and outside of the academic world.
- Diversifying the type of economists seen by a larger public and counterbalance some of the one-sided impressions about economics shared by ‘economic experts’ in the media, who are often not academics but, rather, political or business representatives. (E.g. the hashtag #WhatEconomistsReallyDo created by @orianabandiera can be used to mark tweets intended to show a broader audience the breadth of economics research.)
- Participating in discussions about current issues in the profession. Making what is sometimes referred to as the ‘hidden curriculum’ of how things work in academic economics more transparent (e.g. with regards to

publication, tenure, grad school, etc.) and facilitating dialogue between students, junior and senior researchers. Recently, there have for example been many discussions about the culture of our profession, race and gender in economics, ethics in randomized studies, teaching amid Covid-19, student admission applications, etc.

Inclusive aspects of #EconTwitter

The online Twitter space has allowed exchanges of perspectives between academics who otherwise might not directly talk with each other. There are many dialogues across levels of seniority, school ‘rankings’ and geographic areas, as well as between economists in the policy world and academics. In contrast to many other venues where economists meet, there is no gate-keeping, as anyone with an internet connection can participate. This has given more voice for under-represented minorities, junior economists, researchers from outside the US, and academics outside the top ranked departments.

The large community also provides an opportunity for many of us to see or electronically meet economists of a similar background (e.g. racial, national, gender, or sexual identities.) Particularly for small minorities and under-represented groups, this can make a significant difference, when there may be few people with a similar background at one’s own workplace.

There is also space for non-research topics, as people exchange thoughts on dealing with stress in the profession, talk about experiences of vulnerability, and share mutual support. Such sharing of personal stories and challenges can help to reduce the feelings of isolation and combat some of the mental health challenges that exist in our profession. Relatedly, there have been many discussions on how to deal with racism, sexism, and bullying in the profession, helping bring some of these discussions out of the shadows into a more central spotlight.

#EconAdvice and @Econ_RA

The hashtag #EconAdvice and account @EconRA are two practical resources specific to EconTwitter.

I created the hashtag #EconAdvice to create a space for people to get information on the ‘hidden curriculum’ in economics: Things that some economists think are obvious, but that are unclear and not as accessible for other people who may not be as close the centres of power in the profession, e.g. about graduate school, tenure track, the publication process, etc.

There are three ways to use #EconAdvice:

- 1) Write a question in a tweet and add the hashtag #EconAdvice. Other economists, including myself, will retweet your question to reach a wider audience, so that as many people as possible can answer.
- 2) If you prefer to ask a question anonymously, you can email me, Paul Goldsmith-Pinkham or others a ques-

tion, and we will tweet it without your name using the #EconAdvice hashtag.

- 3) To help answer questions that other people post, please search for #EconAdvice occasionally to retweet and/or answer the questions.

The Twitter account @econ_ra has the specific purpose to disseminate information about research assistance and pre-doc work opportunities. When sharing such a job opportunity, include @econ_ra in your tweet, and the account retweets the job advert to its followers. This way, potential applicants can easily find this information, and a broader pool of applicants has access to these opportunities. Given the increasing role that these positions play in PhD admissions, this is an important contribution to diversifying our profession.

How to get started?

1) Creating a profile.

It is helpful to include a short bio, so people know who you are when they read or follow you, including your role, affiliation and link to website if you have one, as well as a photo so people can see you.

2) Start curating your timeline

Choosing whom to follow on Twitter is key to making your timeline interesting and relevant. To begin, you can pick a few people you know, or Twitter can suggest accounts to follow based on your email contacts. As you read what people write, follow new people that seem interesting and unfollow those you find less helpful. To expand your timeline, one great place to look is to check among those that you follow and see whom they follow that seem interesting. The goal of selecting whom to follow is to make Twitter a valuable experience, such that your feed becomes like a fully customizable newspaper. Personally, I tend to follow fellow researchers that I find interesting, people who open new worlds to me from other cultures or other countries, people that I observe online being kind and constructive, and Twitter feeds that make me smile or think. I tend to unfollow people that make me upset, people that seem to be out there just to provoke, people that advocate extreme viewpoints in an un-nuanced way, and people who mostly focus on daily news, since this is not my purpose for being on Twitter. Other people have different goals for their Twitter experience, and everyone can choose accordingly.

3) Starting to tweet

Firstly, many Twitter users just read and do not write much themselves, and this is of course completely fine. For those who feel shy at first, the easiest way to start is by retweeting interesting things you see in your timeline, to share them with your followers. The next step might be to retweet things with a small comment (called ‘quote tweeting’), such as ‘Very cool!’, ‘Interesting paper’, etc. or to comment below someone else’s tweet. To start sharing your own tweets, constructive ways can be to share

something interesting that you read, saw presented, or are working on yourself, or an interesting statistic you came across, etc. Over time, new participants get a sense of the style of interaction on #EconTwitter and organically things tend to start to feel more conformable. (Thanks to my co-author @FelipeKast who introduced me to Twitter and gave me all this advice on how to start out.)

Tweeting research you saw or wrote

Many economists like to share new research that you read or saw presented, or projects they are working on themselves. To make it as informative as possible to followers, it can be helpful to include a screenshot of the abstract in your tweet. This also tends to attract more views. The image can be accompanied by a brief summary of the results or why you find them interesting. If the authors are also on Twitter, they can be included with their twitter name ('handle') so that they are in the loop if a discussion ensues.

An increasingly common way to share one's own research in more detail is to summarize a paper across multiple tweets (called a 'thread'). By responding to one's own tweet, this type of thread emerges. To help readers follow along and realise a tweet is part of a thread, people sometimes number each tweet of the series (1/n, 2/n, etc.).

Some people also enjoy live-tweet presentations at conferences or seminars in a thread. This can create a big public good, as those who cannot attend will be able to follow along, and often highly appreciate it. (Make sure always to ask the presenter first whether they agree to it, as some early stage presentations are not ready for public circulation.)

How to make Twitter a pleasant experience?

1) Choose your crowd

Twitter can be a very different experience depending on who one follows. Politics twitter is very different from sports twitter, which is very different from econtwitter, etc. You can not only unfollow but also mute or block accounts that you find aggravating.

2) Muting and blocking

If you mute an account that you don't follow yourself, Twitter will hide tweets by that account from your view (unless you follow them). The person who has been muted will not know that they have been muted. Blocking an account will in addition block that account from being able to read your tweets. The affected person will correspondingly notice when that happens.

One potential approach is to mute accounts to protect one's own peace of mind and block accounts to protect one's followers' too, for example accounts that insult you or others in your timeline (especially anonymous ones).

In addition, it can also be helpful to mute keywords. When you mute particular words in the settings, tweets containing these words or expressions will no longer appear in your timeline. This allows users to avoid Twitter topics and debates that tend to make their twitter experience less relevant or pleasant.

3) Twitter lists and notification settings

Twitter allows making lists of people and accounts, e.g. by topic, or short lists of favourites. Then, depending on one's mood and available time, one can read just tweets from specific lists. Reading a selected list rather than everything that happens to come across one's timeline tends to make the Twitter experience much more relevant and satisfying.

Lists can be made public or private. The benefit of public lists is that others can also to read and follow those specific lists. The benefit of private lists is that nobody will feel slighted for not being included, as the list is not publicly visible.

A very helpful feature is also the possibility to put the settings such that notifications are only shown about reactions by people whom you follow or who follow you. This will remove many of the less constructive comments from the notifications, as accounts that are completely disconnected from yours are more likely to be trolls or to misunderstand the intentions of your tweets.

4) Remembering that this is voluntary

It is helpful to always remember that Twitter is voluntary and optional. For most economists, being on Twitter is not part of our job description. We can therefore leave or take a break anytime we like. When Twitter stops being a fun and pleasant experience for me, I do that often (anywhere from 3 minutes to 3 weeks).

Relatedly, on Twitter there is generally no obligation to respond (different from email). As you get more followers, the number of comments can increase a lot, and it would be much too time consuming if a response was always expected. It's good to remember that we can engage when we are in the mood for it and find it beneficial, and tune out otherwise.

Engaging in Twitter debates

There are many interesting debates on #EconTwitter as well. Again, participating in those is completely optional. Many people choose to only follow along by reading or to ignore them altogether. For those who do like to participate, they can be an engaging and stimulating experience. But they can also be a source of misunderstandings or involve less pleasant comments.

Personally, I very much enjoy debates, and for Twitter I have found the following approaches helpful:

- Assuming that people are interested in dialogue and have good intentions, until there is *clear* indication

our families and friends; and we haven't been able to go to restaurants, travel or undertake many other activities that used to be part of daily life. We typically think that constraining what people can do makes them worse off because they can no longer enjoy the utility they got from doing the things they like to do.

In addition, most people are considerably worse off financially because they have lost their job, lost access to goods and services they have already paid for (cancelled holidays are a notable example), suffered a reduction in the value of their assets (for example, houses in many parts of the country are now worth less than they were before the pandemic) or experienced other losses of income.

Most importantly perhaps, is the fact that everyone has experienced a significant increase in the risk of getting seriously ill or dying, have loved ones who have become ill or died, or have watched the rest of the world experience such losses. These are large losses in terms of people's wellbeing and enjoyment of life.

Even for people who have not experienced losses directly, there is likely to have been considerable disutility from worrying about people in their communities and in the larger population. It is difficult to put a monetary value on these losses, but it seems likely that for almost everyone, the losses will significantly outweigh any gains that they may have experienced.

People do, however, report some gains. For example, data on people's opinions and lifestyle (Office for National Statistics, [ONS](#), 26 June 2020) report that almost half (43 per cent) of adults said that some aspects of their lifestyle had changed for the better since the pandemic started — because they were now able to spend more quality time with the people they lived with, enjoyed a slower pace of life and preferred that they were spending less time travelling.

Another study reports that many parents feel that their relationship with their children has improved during lockdown ([Understanding Society](#), 2020).

The assertion that most people are probably worse off is based on the assumption that the losses that they experience from the deaths and illness caused by the pandemic are large. It is also based on the assumption (common in economic models) that constraining what people can do inevitably makes them worse off.

Do constraints on people's activity always make them worse off?

Why do we think that constraints on people's choices make them worse off? Put very simply, if we see someone walk into a room and there is an apple and an orange on the table and they choose the apple, then we think that this reveals that they prefer the apple to the orange. They had a choice and they chose the apple over the orange.

In many situations, this is a reasonable way to think about the world. In the current context, if people could freely choose how they wanted to spend their time and money before the pandemic, then why didn't they choose to spend more time with family, live a slower paced life or travel less. We assume that the fact that they didn't make these choices reveals that they liked to do the things that they *were* doing.

[Read more >](#)

[Health, physical & mental](#)

[Attitudes, media & governance](#)

[Families & households](#)

But it's also possible that people got into bad habits, committed themselves to do too much or did things that they didn't really want to do. This could be because they didn't have free choice: for example, someone might not like their daily commute and prefer to work from home, but before the pandemic, their employer required that they come to the workplace.

If it was the case that people's choices were not always made freely, then their observed behaviour might not reveal what they prefer to do. In that case, they could be made better off by the pandemic — at least in this dimension.

There are some situations where we think that imposing constraints can make people better off, but they are not the norm. One situation where this might be true is if someone was previously making bad choices that they regretted, so the choices gave them disutility.

This could be when people get into bad habits. For example, there is some evidence that people might have bad habits over the choices of food they eat ([Cherchye et al](#), 2020). Perhaps being forced to eat at home all of the time has made some people better off because it breaks those bad habits and leads them to eat healthier foods.

Another situation where some people could be made better off by the restrictions would be where what someone enjoyed was something that was not entirely within their control. An example would be if a parent likes it when their teenage children stay home and interact with them, but that is not what the teenagers would choose to do. The government forcing teenage children to stay home would make the parents better off (though not necessarily the teenagers).

There are also circumstances where collectively it seems clear that we are making bad choices: polluting the environment is a clear example. Legislating that people can't drive or fly has probably led to environmental benefits that many will enjoy.

But while many people may have enjoyed these benefits, it seems unlikely that, faced with the choice of incurring the costs that the pandemic has exacted on society versus the environmental benefits we have experienced, many would choose the pandemic. So in that sense, we

Features

can infer that they are not made better off overall.

Nonetheless, it could be that the pandemic has changed the nature of the policy debate, and that more radical policies towards the environment now have a greater chance of being considered. That remains to be seen.

Related question: [Can policy steer us towards a greener and fairer recovery?](#)

In addition, it is important to remember that many people are very badly affected by the constraints that have been placed on daily activity. For example, there is a reported increase in mental health problems (Banks and Xu, 2020) and a rise in domestic violence (BBC, 12 June 2020). This might have a negative impact not only on those individuals, but also on others in society who care about these people (whether they know them or not).

Who might have gained financially?

The fact that we have seen an unprecedented fall in GDP tells us that most people have been made worse off financially.

Related question: [What will be the impact of the crisis on household finances?](#)

But there are some people who have gained financially.

A small number of people might have gained so much financially that it is plausible that these gains have offset the increased risk of illness and death (and perhaps for some of the very rich the legal restrictions on activities have had only a modest impact).

For example, the founders of Zoom, Facebook and Amazon all saw their net worth increase by many billions, because of the stock market performance of their firms (businessinsider.com). Whether they were made better off overall would depend largely on how much disutility they got from the fact that the rest of the world was suffering.

Related question: [How have Big Tech and other digital platforms fared in the crisis?](#)

Overall, tech companies and some pharmaceutical companies look to be performing well (Financial Times, 19 June 2020). Firms in some industries are selling a lot more too, for example, the large supermarkets. During lockdown, people were not allowed to eat out, so they switched to purchasing much more of their food from supermarkets.

While this led to increases in the revenues that supermarkets received, it does not necessarily translate into

increased profits, because at the same time the cost of supply of some goods and services has been increasing. Articles in the *Financial Times* on 2 July 2020 and 23 July 2020 report the large supermarkets all saying that additional costs, mainly staffing costs, mean that increases in profits will be modest.

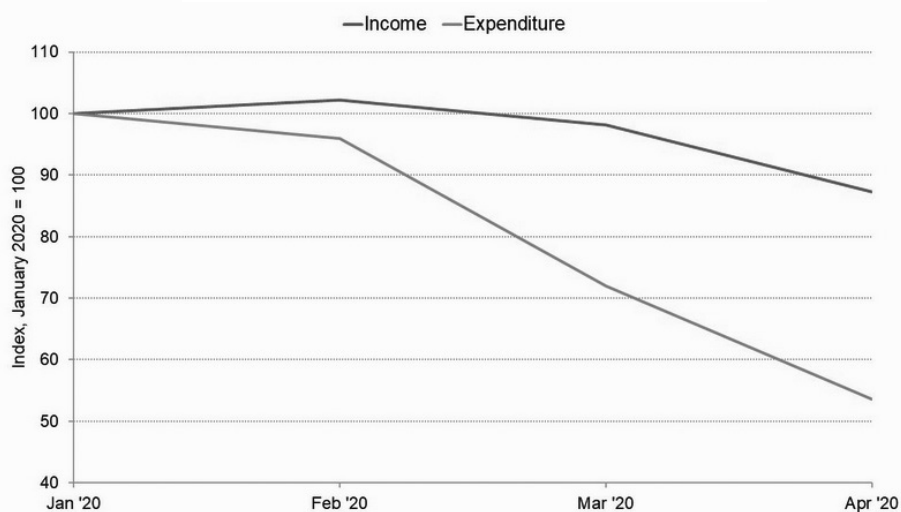
Internet service providers, media companies and telecoms services have all experienced increases in demand – more people working from home, having virtual meetings, using cloud services and logging in remotely – and more people staying at home streaming movies and playing video games.

But these industries also rely on income from advertisers, which has fallen markedly – with some estimates suggesting that advertising expenditure in the UK will be £4 billion less in 2020 than in 2019 (WARC, 30 April 2020). How these two factors balance out remains to be seen.

The video gaming industry has possibly fared better than most. It has seen large increases in demand – and the impact on the costs of supply has been small, as it is relatively easy to work from home.

But even in this industry, we see some negative impacts, due to the cancellation of trade shows and restrictions on travel. People working in this industry are not better off

Figure 1: Average income and expenditure in the UK



Source: Hacıoglu et al, 2020.

because of the pandemic, but they are relatively less badly affected than workers in other industries.

It also looks like people are saving more, on average. Figure 1 is based on bank account transaction data from a large financial technology company in the UK. It shows the average monthly expenditure and the average monthly labour income for a sample of UK households up to April 2020, relative to their levels in January (Hacıoglu et al, 2020). Expenditure has fallen much more sharply than income, suggesting that savings will have risen.

Related question: [Is the Covid-19 recession caused by supply or demand factors?](#)

Data from the ONS point to an increase in the household savings rate, but they also make clear that by historical standards the savings rate is still lower than during many other periods in the past 50 years.

Some of this will be a genuine financial gain, for example, people who typically have to commute to work will now not have to incur the costs of that travel. In fact, reductions in commuting might have saved more than just money, with some evidence that lengthy commutes lead to reductions in health and happiness ([Prospect magazine](#), 2019).

But people are saving mainly because they are constrained from spending. They would like to go out to restaurants, cinemas, sporting events, etc., but they have been legally constrained from spending their money in these ways.

This means that people are less well off than they would be if the pandemic had not happened. They might be relatively better off than people who have lost income and so are not able to save, but we can't say that they are better off from the pandemic.

Overall, we don't have the data to be able to quantify exactly who has gained, and by how much. But it seems likely that for most people, any financial gains, or any gains from enjoying time at home, will not be high enough to offset the considerable losses from the pandemic.

Where can I find out more?

The [Wikipedia page on revealed preference theory](#) gives an accessible introduction to the economics behind economists' use of observed choice to impute people's preferences.

Data from the ONS suggest that some people are enjoying some aspects of their life during lockdown.

Data showing that mental health has worsened over the pandemic are discussed [in a report by James Banks and Xiaowei Xu](#).

Who are experts on this question?

- [Andrew Oswald](#)
- [Nattavudh Powdthavee](#)
- [Paolo Surico, LBS](#)
- [Xiaowei Xu, IFS](#)

Author: [Rachel Griffith](#)

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Note:

1. The original article appears on the EO's website at: <https://www.coronavirustheconomy.com/question/has-coronavirus-made-anyone-better>. We have followed the web version as closely as possible. The blue text here indicates live links on the web.

Behavioural Change and Alcohol-Fuelled Violence: An Experiment

One of the many papers accepted for but denied presentation at the Society's annual conference earlier this year was one that looked at why the consumption of alcohol appears to be associated with increased violent behaviour. Iain Long has produced this summary of the paper which reports on an experiment carried out at Cardiff University.^{1,2}

ALCOHOL IS INVOLVED IN MORE THAN FORTY PERCENT of violent crime in the UK (Office for National Statistics 2020). Whilst a causal link between its consumption and aggression is well established, why it exists is uncertain (Markowitz *et al.* 2012; Page *et al.* 2017). Does alcohol alter the brain's chemistry? Is it due to environmental factors associated with drinking? Are individuals aware of changes they undergo that lead them to become involved in violence? We present the results of a pilot study designed to take a first step towards addressing these questions.

Explanations currently fall into four categories. Perhaps the most obvious is that alcohol-induced changes to the brain's chemistry may, for example, boost excitability (Fagan 1993). However, recent lab work has cast doubt on this explanation where, across a wide range of deci-

sion-theoretic experiments, intoxication was found to have no effect on behaviour (Corazzini *et al.* 2015; Bregu *et al.* 2017).

Alternatively, alcohol and violence may simply be complementary consumption goods (Markowitz 2000, 2005). The drinking environment itself could change behaviour due, for example, to overcrowding (Graham and Homel 1997) or noise levels (Quigley *et al.* 2003). Society is often more forgiving of poor behaviour under the influence of alcohol, potentially providing violent individuals with an incentive to drink (Gelles and Cornell 1990).

Understanding whether individuals correctly anticipate any changes in their underlying preferences is also important. In much the same way that whether a hyper-

Table 1: Descriptive statistics

	Mean	Std. Dev.	Min.	Max.
<i>Personal characteristics</i>				
Age (years)	20.67	2.54	18	31
Female	0.34	0.48	0	1
Height (cm)	174.69	11.38	144.5	194.5
Weight (kg)	72.07	13.46	54.5	114.5
Body Mass Index	23.41	3.74	10.01	38.62
Holds a degree	0.34	0.48	0	1
<i>Lifestyle</i>				
Single	0.57	0.50	0	1
Drinks frequently (3+ times per week)	0.42	0.50	0	1
Units of alcohol per session	8.88	5.76	2	35
Smokes	0.25	0.44	0	1
Violent incidents in last 12 months	0.25	0.57	0	3
<i>Experimental results</i>				
Session 1				
BAC	0.36	0.24	0	1.42
Score	6.60	1.69	1	10
Prediction	7.06	1.55	2	10
Time (seconds)	251.25	100.13	85.88	721.28
Session 2				
BAC	0.00	0.00	0.00	0.19
Score	8.56	1.37	4	10
Prediction	7.80	1.38	4	10
Time (seconds)	236.02	86.76	100.31	500.23
Prediction of session 1 score	6.45	1.91	2	10
Prediction of session 1 prediction	6.49	1.84	2	10

bolic discounter understands the preferences of their future self affects their actions today (O’Donoghue and Rabin 1999), whether a sober individual understands the preferences of their intoxicated self is likely to affect their responsiveness to changes in policy.

Experimental design

Given the pilot nature of the study, a simple within subject design was adopted. Subjects were recruited from the Cardiff University Students’ Union bar. They completed a breath test, providing a blood-alcohol content (BAC) score, before attempting a computer-based overconfidence test in z-Tree (Fischbacher 2007). This consisted of ten patterns from Raven’s Standard Progressive Matrices (Raven *et al.* 2003). Each pattern had a section missing, and subjects needed to select which of six or eight candidate pieces completed it. No feedback was given. They were then asked to predict how many of the ten missing pieces they correctly identified.

Subjects were invited to a second session held one week later, during the day. After taking a breath test, we asked them to predict their session one score and prediction. They then did another overconfidence test with new, equally difficult questions.

Subjects received £10 for participating and up to £10 based on their performance in a randomly selected stage of the experiment. For a score, they received £1 per correct answer. Otherwise, they received £10 for a correct prediction, declining in £1 intervals as they became less accurate.

Running experiments in the field with intoxicated subjects placed several ethical constraints on the design.

The intoxicated session had to be run first, rather than randomising, and no payment could be made at the end of session one. Both were felt to implicitly encourage drinking. Controls were only collected in session two, to reduce concerns about informed consent. Further details are available in the working paper (Long *et al.* 2020).

Data and estimation

Data

We recruited 140 subjects, of whom 106 returned for session two. The latter group formed our sample. We checked BAC and various measures of performance in session one and found no significant difference between those who did, or did not, return.

Table 1 presents descriptive statistics. The majority of our sample were male undergraduates who were non-smoking, single, drank alcohol frequently, and consumed the equivalent of one bottle of wine per

drinking session. The number of violent incidents subjects reported involvement in ranged between zero and three, with an average of 0.25.

In session one, subjects’ average BAC was slightly above the UK drink-driving limit of 0.35mg/l. They were overconfident, predicting more correct answers than they achieved. In session two, their score improved. Subjects underestimated this improvement. They had a reasonable understanding of their likely session one score but appeared to believe that their intoxicated self would be equally accurate.

Estimation of behavioural changes

The analysis initially seeks to understand the effect of both intoxication and the drinking environment on two characteristics: cognitive ability, proxied for by score; and overconfidence bias, measured by:

$$Over_{it} = Prediction_{it} - Score_{it}$$

where $i = 1, \dots, 106$ and $t = 1, 2$ denote the individual and session. The larger $Over_{it}$, the more overconfident the subject is.

For each $y_{it} \in \{Score_{it}, Over_{it}\}$, suppose that the data is generated by the following:

$$y_{it} = \beta_0 + \beta_1 bar_{it} + \beta_2 BAC_{it} + x_i' \gamma + (bar_{it} \times x_i)' \zeta + \varepsilon_{it}$$

where bar_{it} is an indicator, taking value 1 in a drinking environment, BAC_{it} is blood-alcohol content, x_i is a vector of individual controls and ε_{it} is an i.i.d. error. Whilst

the working paper employs a variety of estimation techniques, for brevity, the within design is exploited here by focusing on the difference estimator:

$$\Delta y_i = \beta_1 + \beta_2 \Delta BAC_i + x_i' \zeta + \Delta \varepsilon_i$$

where $\Delta z_i = z_{i1} - z_{i2}$ is the increase in a variable when in a drinking environment relative to daytime. $\Delta bar_i = 1 - 0 = 1$, for all subjects.

Variation in BAC_{i1} between subjects is exploited to identify the effects of the environment and intoxication.

ly anticipated. To begin to address this, their anticipated (A) behavioural change was constructed by:

$$\Delta Score_i^A = (\text{Session 2 prediction of } Score_{i1}) - (\text{Session 2 prediction of } Score_{i2}),$$

$$\Delta Over_i^A = (\text{Session 2 prediction of session 1 prediction}) - (\text{Session 2 prediction of } Score_{i1}).$$

An individual who believes that their ability increases when intoxicated would, when sober, predict a higher score in session one: $\Delta Score_i^A > 0$. Similarly, an individual who believes that they become more overconfident

when intoxicated would, when sober, anticipate that their intoxicated self would make a higher prediction about their session one score than they would: $\Delta Over_i^A > 0$. The unanticipated change (U) can then be calculated as the residual: $\Delta y_i^U = \Delta y_i - \Delta y_i^A$.

Estimation of alcohol-fuelled violence

The analysis finally considers what role the behavioural changes we observe play in explaining variation in subjects' recent history of violence. Given the low frequency of incidents, Poisson regressions are employed. For robustness, negative binomial estimations were also performed. The results were largely unchanged.

Table 2: Difference regressions of score on intoxication and environment

	(1)	(2)	(3)	(4)	(5)	(6)
	Dependent variable: $\Delta Score_i$					
Δbar_i	-1.683*** (0.294)	-1.724*** (0.303)	-1.769*** (0.297)	-1.431*** (0.329)	-1.449*** (0.337)	-1.491*** (0.420)
ΔBAC_i	-0.750 (0.702)	-0.733 (0.719)		-0.798 (0.756)	-0.780 (0.755)	-0.798 (0.745)
$\Delta \ln T_i$		0.665 (0.440)	0.751 (0.461)	0.636 (0.424)	0.626 (0.426)	0.626 (0.422)
$\Delta BAC_i \times BMI_i$			-0.027 (0.030)			
Has degree				-0.790** (0.332)	-0.787** (0.333)	-0.756** (0.341)
Smokes					0.043 (0.359)	-0.064 (0.362)
Drinks frequently Units						0.490 (0.320) -0.016 (0.023)
N	106	106	103	106	106	106
R^2	0.597	0.605	0.602	0.627	0.627	0.636
p -value	0.000	0.000	0.000	0.000	0.000	0.000
Log-likelihood	-201.019	-199.857	-195.096	-196.867	-196.860	-195.651

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Anticipation of behavioural change

If subjects' underlying preferences do change, an important policy question is whether these changes are correct-

Results

Ability

Table 3: Difference regressions of overconfidence on intoxication and environment

	(1)	(2)	(3)	(4)	(5)	(6)
	Dependent variable: $\Delta Over_i$					
Δbar_i	0.979*** (0.265)	1.015*** (0.270)	1.039*** (0.280)	0.756*** (0.279)	0.763** (0.312)	0.826* (0.493)
ΔBAC_i	0.637 (0.550)	0.622 (0.565)		0.679 (0.558)	0.673 (0.556)	0.697 (0.558)
$\Delta \ln T_i$		-0.595 (0.548)	-0.651 (0.576)	-0.569 (0.541)	-0.566 (0.541)	-0.566 (0.533)
$\Delta BAC_i \times BMI_i$			0.023 (0.027)			
Has degree				0.697 (0.431)	0.696 (0.434)	0.655 (0.454)
Smokes					-0.016 (0.421)	0.113 (0.434)
Drinks frequently Units						-0.568 (0.373) 0.016 (0.032)
N	106	106	103	106	106	106
R^2	0.284	0.293	0.285	0.314	0.314	0.328
p -value	0.000	0.000	0.000	0.000	0.000	0.000
Log-likelihood	-220.131	-219.486	-214.508	-217.896	-217.896	-216.818

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 2 presents difference regressions for $\Delta Score_i$. Differences in the time taken to complete the test were controlled for, along with several personal and lifestyle characteristics. A common criticism of BAC is that individuals with different body shapes and the same BAC are not equally intoxicated. This was addressed by interacting ΔBAC_i with subjects' body mass index (BMI).

Being in a drinking environment lowers performance by about 1.5 correct answers. Intoxication has no significant effect, consistent with recent lab studies, though the coefficient on BAC is always negative. Replacing BAC with dummies representing different ranges of intoxication yields the same conclusion, ruling out a nonlinear relationship.

Overconfidence

Table 3 presents results $\Delta Over_i$. The picture is remarkably similar. Being in the bar significantly increases overconfidence. Subjects predicted an average of 0.8 extra correct answers relative to their score. Whilst intoxication's coefficient is also positive, it is never significant, again consistent with recent lab findings.

Anticipation of behavioural changes

Table 4 presents several *t*-tests, designed to test whether the subjects understood the changes the drinking environment appears to cause:

Table 4: Anticipation *t*-Tests

Null Hypothesis	<i>N</i>	<i>t</i> -statistic	<i>p</i> -value
$E(\Delta Score_i^A) = 0$	106	-7.650	0.000
$E(\Delta Score_i^U) = 0$	106	-2.733	0.004
$E(\Delta Over_i^A) = 0$	105	0.358	0.361
$E(\Delta Over_i^U) = 0$	105	5.695	0.000

Subjects, on average, partially grasp their change in score. They understand that being in a drinking environment significantly reduces their cognitive ability (row one), but also significantly underestimate the magnitude of the fall (row two).

In contrast, subjects seem to be completely unaware of changes in overconfidence. They do not anticipate any significant change (row three). The resulting increase in overconfidence is therefore unanticipated.

Behavioural change and violence

Finally, whether the behavioural changes identified above have any predictive power regarding the number of violent incidents subjects were involved in over the previous year was investigated. The results are presented in Table 5. Drinking behaviour was incorporated to control for other drivers of violence that may be linked to alcohol, along with physical characteristics that may encourage or deter a violent attack.

A smaller decline in score, which proxies for ability, is associated with significantly more violent incidents. Greater increases in overconfidence also appear to be a significant predictor, but only after controlling for drinking behaviour, and only at the ten percent level. Both drinking frequency and the average number of units of alcohol consumed are significant, suggesting that the two channels explored here do not provide the whole picture.

The results are, at first pass, surprising. Individuals who believe that their decision-making has not been badly impaired by alcohol — either due to a small decline in

ability or a much greater overconfidence — appear to be involved in more incidents. We speculate that such individuals may feel relatively confident entering into a fight. Those with a larger perceived decline may view the likely costs involved in violence as prohibitive.

Conclusion

We present the results of a pilot study designed to be a first step in investigating the causal mechanism underpinning alcohol-fuelled violence. We find that being in a drinking environment, rather than intoxication, is associated with increased overconfidence and reduced cognitive ability. Whilst both appear connected with our subjects' recent history of violence, it is those who experience a smaller perceived decline in ability that seem to become involved in more fights.

That these changes potentially cause alcohol-fuelled violence presents policy-makers with a dilemma. Individuals appear to be unaware of the effect of the environment on their overconfidence and underestimate its effect on their ability. When deciding whether to enter such an environment, they may underestimate their true likelihood of being involved in violence, viewing policies designed to tackle the problem as less relevant.

Table 5: Poisson regressions of incidents on changes score and overconfidence

	(1)	(2)	(3)	(4)	(5)	(6)
	Dependent variable: Incidents_i					
$\Delta Score_i$	0.399** (0.179)	0.334** (0.148)	0.404** (0.178)	0.363*** (0.140)	0.352** (0.138)	0.375** (0.146)
$\Delta Over_i$	0.189 (0.138)	0.202 (0.136)	0.177 (0.136)	0.225* (0.124)	0.212 (0.131)	0.211* (0.122)
Drinks frequently		1.055** (0.466)		0.963* (0.520)	1.148** (0.510)	0.987* (0.513)
Units		0.053* (0.027)		0.059** (0.023)	0.059*** (0.021)	0.062*** (0.021)
Height			0.057 (0.037)	0.051 (0.042)		0.053* (0.031)
Weight			0.004 (0.019)	-0.002 (0.021)		-0.003 (0.022)
Female					-0.644 (0.756)	0.080 (0.743)
$\Delta \ln T_i$					-0.705 (0.579)	-0.657 (0.581)
Constant	-0.968*** (0.290)	-2.244*** (0.512)	-11.349** (5.632)	-11.219* (6.330)	-2.231*** (0.513)	-11.411** (4.726)
<i>N</i>	106	106	103	103	103	103
Pseudo- <i>R</i> ²	0.043	0.138	0.102	0.187	0.173	0.196
<i>p</i> -value	0.080	0.001	0.003	0.000	0.000	0.000
Log-likelihood	-64.191	-57.818	-58.302	-52.790	-53.731	-52.214

Robust standard errors in parentheses
* *p* < 0.10, ** *p* < 0.05, *** *p* < 0.01.

The analysis suffers several shortcomings driven, in part, by the pilot nature of the study. The sample is small, and questions of external validity arise from our use of convenient undergraduate subjects. The procedures also need refining, not least by expanding the biases and preference parameters we evaluate and by better understanding the drinking environment. We hope to do all this in future work. Nevertheless, we view the results as promising.

Notes:

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2. Iain W Long, Cardiff University Business School, (corresponding author), Colum Drive, Cardiff CF10 3EU. longiw@cardiff.ac.uk; Kent Matthews, Cardiff University Business School and University of Nottingham, Ningbo, China; Vaseekaran Sivarajasingam (Cardiff University School of Dentistry).

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Obituaries

Geoff Mason

Geoff Mason, who passed away in June after a long and dignified fight against cancer, had been since 1989 Senior, Principal Research Fellow and then Fellow at NIESR and was a Visiting Professor at the Centre for Research on Learning and Life Chances (LLAKES), UCL Institute of Education. He was deeply interested in productivity, innovation, education, training and labour markets. He led research on productivity, innovation and skills in the UK, US, France and Germany; employer demand for skills in the UK; and a comparative study of vocational education and training systems in seven European countries. The work was continuously funded by academic research councils, government departments and foundations in the UK, US and New Zealand and by European Union agencies, which is by itself a remarkable achievement these days.

As was so often the case we benefitted from a permanent arrival from the Commonwealth. Geoff was born in March 1949 in Dunedin, New Zealand, subsequently attended universities in Auckland and Christchurch (New Zealand) and then Birkbeck College, London. In a long and distinguished career, professionalism and simplicity were the two dominant virtues that colleagues have repeated in conversations about him. He personified the very concept of an 'intellectual craftsman' constantly seeking ways to hone and apply his social science expertise to 'problems of substance'. In Geoff's case he was most interested in the comparative performance of labour market and industrial policies in the UK.

Those who collaborated with him, particularly the non-economists, found it a tough but exhilarating experience because he questioned everything that was said or written and expected the return of this favour. He was also refreshing because, despite his restless pursuit of practical policies to support economic and societal improvements, he was never cynical. Among his many publications, his 2014 paper on rethinking industrial policy design in the UK stands out. At its heart is an attempt to understand why many UK firms struggle to engage in innovation rather than assuming that all employers are alike. It provides a lucid and measured appraisal of UK policy initiatives and programmes, offers comparisons with other countries, and provides clear and practical recommendations. The paper captures Geoff's gifts for combining rigorous research with the need to communicate to a wide audience.

Two stories are worth repeating. Once, in St Albans (his home), at a pub lunch at which regressions were being run for a paper, hours were spent figuring out how to bootstrap standard errors in a multiple equation system

with panel data. Eventually Geoff sorted out this problem with the help of some much-needed liquidity but only to realise that he and his co-workers had become the centre of considerable mocking from a pack of hunters with their cry of hounds. He cared not a jot. But with the subsequent ban on hunting, Geoff had the last laugh.

More recently, a paper on education systems was presented in Parliament. This led to conversations with his co-author about the main channels of influence by which education and skills affect economic performance. The research compared the role played by education and training institutions, including school, and the vocational systems, in the UK and a number of countries. He was already very ill but undertook the review with enthusiasm and deployed and developed well the ideas of 'absorptive capacity' in this context. Technical skills, deep understanding and dedication led to considerable and ongoing policy insights.

His projects have led to many different publications, ranging from academic articles in refereed journals and book chapters to government department research reports and occasional articles in national newspapers. Academic publications include articles in *Labour Economics*, *Education Economics*, *Research Policy*, *Economics of Innovation and New Technology*, *Industry and Innovation*, *Work, Employment and Society* and *Journal of Education and Work*.

His work on the graduate labour market has been widely cited in UK public policy debates and contributed to his being invited to work as Research Advisor to the National Skills Task Force and to serve on the Royal Society Working Group on Higher Education. He also served on academic panels for the Cabinet Office's Workforce Development Project and the UK Commission for Employment and Skills. Very reassuringly, he had a trial period as apart-time civil servant but decided that he preferred working at NIESR full time, because he could get more done. We shall miss him. He leaves behind a loving partner, Mavis, two sons, Robbie and Viv, one granddaughter, Grace, and many, many happy memories.

Jagjit Chadha

Director, National Institute of Economic and Social Research

John Weeks

The Anglo-American political economist and development economist John Weeks died on the 26 July 2020. In addition to a number of polemical works criticising capitalism, that gave him a public following after the 2008 financial crisis, John was highly respected in UN agencies and development circles for his work in Jamaica, Vietnam,

Latin America and Africa. In recent years he had coordinated economic research at the Progressive Economy Forum, where he assembled a number of critical economists and commentators to provide a more radical economic programme for the Labour Party.

John was born on the 1 April 1941, in Austin, Texas, the third of three children of William Alden Weeks and his wife Elizabeth (née Andrews). William Weeks worked as an accountant for the state government, but lost his job on revealing corruption by local oil interests. This background lay at the root of John's profound sensitivity to justice and unfairness. He studied Economics at the University of Texas and became involved in the civil rights movement. Graduating in 1959 he moved on to the University of Michigan in Ann Arbor to study for a PhD on Nigerian industrialisation. John followed up his political activism in Texas by getting involved in the movement against the Vietnam war and helping to establish the Union for Radical Political Economics. His graduate studies gave him the opportunity to work in Nigeria. He was awarded his PhD in 1969.

In 1970 John Weeks joined the School of African and Asian Studies at the University of Sussex and in 1972 moved to the new Economics Department at Birkbeck College London, where he taught development economics. In 1977 he returned to the US to teach at the American University in Washington DC, with long periods of leave to work in Peru and Nicaragua. In 1990, by now married to Elizabeth Dore and with two children, he returned to London where he was invited to create an M.Sc. programme in Development Economics at the School of Oriental and African Studies, University of London, at a time when the School was expanding its social science teaching and research. He chaired the Economics Department and directed a new Centre for Development Policy and Research. John was obliged to retire in 2006, to his regret, just before Economics became interesting again. In 2014 he published *The Economics of the 1%: How Mainstream Economics Serves the Rich, Obscures Reality and Distorts Policy*, followed this year by *The Debt Delusion: Living within Our Means and Other Fallacies*. The election of Jeremy Corbyn to the leadership of the Labour Party renewed John's political optimism and he joined Patrick Allen's Progressive Economy Forum to promote a Left agenda with practical policies as well as ideas.

John Weeks' academic career was marked not only by his political commitment, but also by the great personal kindness that he showed to his students and those with whom he worked. He leaves behind his wife, Elizabeth Dore, Professor Emeritus of Latin American Studies at the University of Southampton, two children, Rachel and Matthew, and two grandchildren.

Jan Toporowski

SOAS, University of London

RES news

RES 2021 Annual Conference call for papers

The Call for Papers for the RES 2021 Annual Conference is now open.

Submissions of papers and Special Sessions are invited for the next Conference, which is taking place on **12-14 April 2021** at Queen's University Belfast*. Keynote speakers will include:

- Prof Nicola Fuchs-Schündeln (Goethe Frankfurt)
- Prof Mathew Gentzkow (Stanford) and
- Prof Guido Imbens (Stanford)

We will also have our Past President's Address from Prof Rachel Griffith (Manchester/IFS) and Professor Lord Nicholas Stern (LSE).

Papers for the General Sessions are welcome from academic, government and business economists from any field in economics and econometrics. Submissions must be made through Conference Maker by **23.59 GMT Thursday 29 October 2020**.

Proposals for Special Sessions must be sent to the Programme Chair, Ricardo Reis (LSE), by Friday 16 October 2020. Please visit the Special Sessions page for information on how to apply.

You can find full information about the RES 2021 Annual Conference on our website.

Please forward this Call for Papers to your colleagues.

*Our intention is that the conference will be a face-to-face conference within any government guidelines in place at the time of the event. However, if guidance means that a face-to-face conference is not viable, the RES are developing contingency plans which will be communicated at the earliest opportunity.

Royal Economic Society appoints Diversity Champion

The Royal Economic Society is very pleased to welcome Stefania Paredes Fuentes as RES Diversity Champion. In this role Stefania will help embed diversity more fully into the RES's decision-making and promote and monitor diversity across all the Society's activities. Stefania will become a member of the Executive Committee and a trustee of the Society.

Stefania Paredes Fuentes is an Associate Professor at Warwick whose recent work aims to make Economics a more attractive discipline for all and increase diversity. In January 2020, she organised the first 'Women in Economics: Student Workshop' in the UK. After the workshop and together with some of the participating students, she wrote 'Economics for All: 7 Action Points to Make Economics More Inclusive'. Stefania has also been involved in various Widening Participation initiatives, including delivering lectures for the Sutton Trust Summer Schools.

RES President Carol Propper commented: 'We are very pleased to welcome Stefania as Diversity Champion, where her role will be to review all the work that the RES has planned — including the committees — to hold us to account, and to keep diversity at the forefront of our minds in all our work.'

Discover Economics

Launched last October, Discover Economics is a three-year campaign in partnership with leading economics organisations that aims to change the image and perception of economics.

Discover Economics recently launched a new economics of COVID-19 blog targeted at school and college students, explaining how economic models and data can be used to understand different aspects of the current crisis - covering everything from panic-buying, movements in share prices, the closure of schools, inequality, the role of government, social care to death rates and more.

You can read the blog here. If you are interested in writing a post, please contact Sarah Smith (sarah.smith@bristol.ac.uk).

The Economics Observatory

Recently launched, the Economics Observatory (ECO) is a cross-institutional initiative that seeks to answer questions from policy-makers and the public about the economics of the coronavirus crisis and the recovery.

The ECO website brings together research from across economics to answer policy questions in a way that is easy to understand. It explains where there is consensus, where there is intelligent debate and disagreement, and where we just don't have the answers. (See pages 18-21 above).

Essay Competition winners

See p. 11 above.

Membership of the Royal Economic Society 2020

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

- Access to *The Economic Journal* and *The Econometrics Journal* including back issues and pre-views of papers before their publication.
- Savings of up to a 1/3 on the ticket price for the annual conference and the opportunity to apply for the Society's grants and financial support.
- Our quarterly *Newsletter* which includes topical articles, comments and letters.

Membership subscriptions 2020

RES Member: Print + Online 1 year	£66
RES Member: Online only 1 year	£42
RES Member: Online only 3 years	£110
RES Student Member: Online only 1 year	£12
RES Student Member: Online only 3 years	£20
RES Retired Member: Online only 1 year	£25
RES Retired Member: Print + Online 1 year	£38
RES Developing Countries Member: Print + Online 1 year	£38
RES Developing Countries Member: Online only 1 year	£25

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

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