ECONOMETRIC SOCIETY, EUROPEAN MEETING (ESEM) 1991 — CAMBRIDGE

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In excess of 500 delegates converged on Cambridge by train, bus, air — well via Stansted, Heathrow and Gatwick — and, ignoring organisers' suggestions, car, for the 1991 Econometric Society European Meeting (ESEM), held between the 2nd and 6th September. In excess of twenty percent of the delegates were Dutch — probably reflecting continued support for academics in the Netherlands, with a considerable delegation from Tilburg. Fewer than normal North Americans participated, which was reflected in the type of papers presented. Such a lack of presence was probably due to the timing — many US Universities would be in teaching mode — and the number of conferences available to them. It may also have been a hangover from the Gulf War. Relatively few Britains were to be seen — another instance of the 'odd one out in Europe', or simply a function of the location? Although the conference attracted delegates from Australia, Ghana, Japan, New Zealand and South Africa, it was definitely dominated by Continental Europeans. The ESEM and EEA conferences seem to bring out the otherwise 'stay at home' European academics, more successfully than most other gatherings.

Common to meetings since 1987, the Conference followed, both in time and location, the European Economic Society (EEA) meeting with many participants taking in both — some showing the strain! Future conference goers will find this somewhat more difficult with the place and timing tradition to be broken next year with meetings in Brussels (ESEM'92) and Dublin (EEA'92). The ordering will also change with ESEM'92 meeting 24–28 August and EEA'92 29–31 August. Such changes should allow US econometricians to attend. Although in excess of 500 delegates registered for the conference, in common with all other meetings, some 'day trippers', — including those presenting papers — decided not to pay any of the various, full conference, fees. These ranged from £70 for students (booking before June 15th) to £190 — (non members after June 14th). The Conference organisers' seemed sufficiently annoyed with non-registered contributors to include a list of 'Names of paper presenters not yet registered', in the Report of the 1991 Meeting circulated at the Conference. Several of its number saw this as a 'blacklist', — a rather unfair one from their point of view given that the Society did not offer a daily registration rate and that non-registered, non-presenters escaped the net. Likewise I think 'blacklisting' was not the Organisers' intention — (although rumours of 'no pay, no presentation'

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seemed to be circulating 'The Tent') — but the list was contentious and the issue of 'day rates', should be a question under consideration by the Society.

The Meeting was informally opened at the 'end of EEA91, beginning of ESEM91', Joint Reception on Monday evening. Sponsored by the Royal Economic Society and held in the State Rooms of the Old Schools, the reception gave a taste of the grandeur of Cambridge — and the heat of social gatherings this ESEM91! The Official Opening came with a 9-00 am 'Reveille' — well trumpet fanfare — followed by a Welcome Address — the first batch of Contributed Sessions commencing 9–30.

The Scientific Programme comprised some 450 contributed papers presented in 156 sessions where the maximum number of parallel sessions was 14. Two Invited Lectures — the Fisher-Schultz — with Robert Lucas 'Making a Miracle', and The Presidential Address by Peter Diamond where he considered 'Organising the Medical Insurance Market' were very well attended. There were few (two) other invited sessions — one on Imperfect Competition and Trading in Financial Markets and an Invited Symposium on Econometrics of Trended Variables and Neural Networks. The latter symposium comprised two papers, one by Soren Johansen the other (Neural Networks) by Hal White. The pairing of the papers seemed rather odd and was reflected in the movement of the large audience between presentations. Some attempt at discussion was planned with formal discussants for each paper arranged. However, Arthur Lewbel's discussion of Hal White's paper was prefaced with, 'well I only received the paper two days ago, ... but ...' How common this was — I don't know.

As for the contributed sessions some 28 papers directly considered unit roots and/or cointegration with the bulk being empirical applications. ARCH effects attracted some 12 contributions, again many being applications and non/semiparametric methods produced at least 9 papers. Sessions on the economics and econometrics of labour markets, game theory, and finance all attracted reasonably sized audiences and as usual, participants could generally find at least one possible 'double booking problem' in the programme!

As one might expect with a solid core of participants from the Netherlands, Bayesian methods' papers had a high profile with around 9 explicit applications and a special session on Bayesian Analysis of Unit Roots. This was a particularly interesting session with two leading members of the 'Netherlands School', Peter Schotman and Herman van Dijk in attendance. It was nice to hear Bayesian's considering such sharp nulls as those implied by unit root tests — it was also of interest to see that the Bayesian framework does not lead to non-standard Dickey-Fuller results but to conventional t-statistic results (if they assume flat priors and use the likelihood principle). If we are 'all Bayesians now', then the audience of around 35 was quite small — but the discussion was more active than most and Bayesian analysis of such a sharp null was an interesting spectacle.

Some delegates felt that there were too few papers on macroeconometric modelling, particularly in relation to large scale models. However, there was a special session on Large Economies and one on Macroeconometrics and many papers on Rational Expectations applications. The Macroeconometrics session included papers from one current — Ken Wallis — and one former — Paul Fisher — member of the Warwick Macroeconomic Modelling Bureau. Contributions from Bureau members have become a regular part of the ESEM Meetings and have even been found at the Australasian gathering! As usual the standard of presentation and content was very high and as has become the norm, the content could be viewed as highly critical of recent Thatcher type UK macroeconomic policy. In his paper, Ken Wallis presented some counterfactual analysis of the UK economy during the 1980s and interestingly concluded that most of the late 1980s 'successes' with regard to reductions in inflation were simply a gift of the oil price drop. Finally, he presented an alternative acronym to Thatcher's TINA (There Is No Alternative) explanation of macropolicy choice, in Wallis' TWA (There Was an Alternative). Joking apart, the counterfactual analysis was very carefully constructed and the arguments proposed convincing and believable.

Whatever the pedigree of the Contributed Sessions, it is inevitable that the keynote Invited Lectures attract the largest audiences — this year was no exception. Introducing the Fisher-Schultz lecture, The President of The Society Peter Diamond, painted a very colourful picture of the presenter, Robert Lucas Jr. The 'broad strokes' of Lucas have permeated the discipline for many years and it probably requires a person of such stature to 'Make a Miracle' — in this case one in the laboratory with 'pencil and paper'. The miracle in this case was an explanation of the differential growth rates, as between (say) South Korea and The Phillipines, within a Solow type model, where the only significant differences relate to a particular form of human capital — 'learning by doing'. The exposition was clear — perhaps crystal — with modelling skills rather than 'on the job' observations to the fore. This is what Lucas wished to portray — theorists need not visit LDC's and NIC's to be able to model their behaviour. In this case, however, the underlying theoretical model used as the vehicle for the miracle was somewhat constraining. If one rules out technological differences such that the model no longer needs capital, and educationally induced human capital effects, then all one is left with is 'learning by doing'. The main conclusion to arise out of the paper was the importance of 'spillover effects' in development, that is, experience of low technology production helps to produce high technology products in the future. At the policy level Lucas suggested that the World Bank advice to 'act like South Korea', was good advice 'only if countries don't take it'! No, according to Lucas' model countries should encourage direct investment by developed countries in order to 'learn on the job' — this may create a Miracle, but even Lucas' Neoclassical miracles are only transitory.

From Chair to podium, Peter Diamond's Presidential Address on Friday, proposed some new ideas for 'Organising the medical insurance market', in the United States, (with some comments on recent developments in The Netherlands). The paper was specifically aimed at a new approach to universal medical insurance — not care — and proposed a mixture of market and Government solutions. The major proposal was the creation of a Federal Health

Insurance System, mimicking aspects of the Federal Reserve System with regard to organisation and accountability, i.e. independent of Government on a day-to-day basis, but accountable to it. Given the size and vested interests of the medical insurance market in the US, any attempts to radically change it will need to be politically acceptable as well as economically sensible. Peter Diamond's proposal's unashamedly had this to the fore. The Canadian model of compulsory Public Sector insurance was seen as 'untenable' and similar approaches in The Netherlands restricted patient choice. As an alternative, the Diamond approach tries to preserve individual choice within a private sector insurance industry — time (and lobbying) will tell whether the mixed economy approach to health insurance will work, and work better, in the US.

The Social Programme comprised a combination of 'free' and 'optional' events starting with the reception on Monday. Free, though rationed, a concert by the Duke String Quartet on Thursday evening seemed to be booked-up early in the proceedings. Two pounds and again a quota, gained access to a reception at the Fitzwilliam Museum on Tuesday — more grandeur — what a feast. Ah the Feast. Well publicised — although the organisers' failed to notice the full significance of the timing, my birthday — the Feast at Chilford Hall on Wednesday, just didn't and couldn't really have been expected to work. Bused some 10 miles to a vineyard — well we didn't actually see any grapes or evidence of winemaking — delegates shuffled around a number of ancient barns. The place was very hot leading to an exodus outside and the buffet style meal left many feeling they'd like to get home — in fact, many actively sought the coach drivers who one feels expected something of a more leisurely, extended evening in the coach park. The lack of any Programme of Events or menu, made it difficult to guess what might come next — if anything. It was such a pity, the hosts at Chilford provided a buffet meal with professional expediency, but nothing was made of the location or the, rather unusual to the UK, winemaking venue. A bit of music (even musak), a dance band — even a tape of local 'no nanny nae' type tunes, would have been a party saver. The Feasters would, I'm sure, have paid an extra pound or two for entertainment. Any rush back to Cambridge, however, was not for the nightlife. As proudly presented on local t shirts, Cambridge may be the 'seat of lerning' (sic), but it certainly isn't a place to unwind — particularly after 11 pm — even Route 66 seemed more like the hard-shoulder than the fast lane!

The Programme accommodated a free afternoon on Wednesday with the option of a walking tour or for the drinkers the opportunity to visit the Blue Ball in Grantchester, a place where it is rumoured Clint Eastwood drinks when he visits Cambridge. We left this treat until Thursday and visited Ely Cathedral. Ely, a model of Neo Classical economics in action — well Ely Cathedral (plc?) does charge for entrance outwith services — was well worth a visit, if only to listen to the guide on the North Tower tour — what a patter! As econometricians it was interesting to learn that Cambridgeshire has the lowest average IQ in Britain and it was intriguing to be told — (although by then none of us knew whether to believe the guy or not) — that mobile 'phone users' conversations were bounced off the Cathedral's towers!

As for general comments, well over the short and probably chequered existence of the Conference Review Section of the Journal, the reviewers have made a series of, more or less, lighthearted comments on the organisation, content and general feel to a number of 'Learned Society' meetings. Many refer to the 'state of the conference folder', 'the showers', and 'academic fashion trends'. Joking apart, the lack of 'a pen and paper', in the conference folder — a folder without a delegates name leading to frantic (smudgy) scribbles to avid confusion at any gatherings — the lack of information on where delegates resided at the conference and the lack of a 'social gathering point', apart from the £6000, (publishers') display 'Tent' — ('the humidity keeps curling up my limp-back display copies') — were all reasonably well founded, relatively trivial yet annoying, oversights (or economies?) for any Conference of such standing. The 'spend as you like in University House', £5 × 4 meal vouchers — a compulsory part of the registration package, was excellent value — what alot you could get! The package included a (more than adequate) Book of Abstracts, Conference Programme and List of Participants with their full postal address — very handy. The pack also included information on 'things to do' and the usual publishers' promo. However, no papers — not even for the Invited Lectures.

ESEM continue to use the 'book of abstracts, no papers, but sticky labels', rule. For the uninitiated this means that few, if any, full papers are available at the conference but a sheet of self addressed sticky labels are included in the conference pack. In this case only 14 were provided, 'to stop frivolous requests for papers'! — note there were something like 450 contributed papers — and delegates have to put a label in a numbered envelope and wait for the paper to arrive from the authors. The success of the system varies enormously from no response, to delays of 364 days and responses within a couple. There must be better and safer ways — at Cambridge the envelopes were attached to free standing notice boards which were rescued from collapse on several occasions — I'm not at all optimistic that the right labels will remain in the right bags for long! I remember with very fond memories — and not only of the Gollem Bar — the ESEM Meeting in Amsterdam. There, any or all the papers could be bought, at the marginal cost of xeroxing, on the spot. Delegates chose how many papers to carry home and bore most of the cost. Authors provided the master copy and participants could acquire papers either before or after the event. Queueing wasn't a problem — copies were simply ordered and collected later — is such a system untenable?

Unlike many societies, however, The Econometrics Society is, I feel, willing to listen to its members. The Organisers' point of view was clearly articulated by David Newbery in the Report of the ESEM91 paper circulated at the Conference. Details on most aspects of the Meeting were presented and various recommendations made. Further, a questionnaire was made available with some 14 questions presented ranging from formal links with the EEA to quality of the scientific programme and whether participants would be willing to pay £5 extra to have the full Programme mailed to them in mid-July? To avoid problems of self selection, such a questionnaire needs to be made available to all members particularly the disenchanted. The inevitable lead time between meetings probably makes progress slow, but lessons from one gathering ought to be borne in mind by organisers of future events. The separation of ESEM92 and EEA92 is something of a risky move — only time will tell whether the organisers have got it right.