



ECONOMIC  
STATISTICS  
CENTRE  
OF  
EXCELLENCE

A COLLABORATION WITH  
Office for  
National Statistics

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## ESCoE Newsletter Autumn 2019

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Hello and welcome to the ESCoE Newsletter Autumn 2019, the first of what is planned to be a quarterly email round-up series of what's happening and coming-up here at ESCoE. If you think measuring the economy is fundamental to better understanding how our economy works and for whom it works, then this is for you.



Over this past summer many of our initial research projects on economic measurement have been completed. Look out for a print overview and recommendations coming from this work, as well as details of our new projects, from November. In the meantime, read on for more information about: new visitors to

ESCoE and their involvement in our 'measurement' talks series; our new Autumn research seminars at ONS (London); our call for papers for the ESCoE EM 2020 Conference at King's College London; our economic measurement articles in the National Institute Economic Review; details of a call for papers for the 2020 'Masterclass and Conference on Measuring Prices and Quantities' organised by CeMMAP and ESWG; details of the October 2019 'Working Better' Conference organised by Nesta; a new seminar series co-arranged by the ONS Data Science Campus, The Alan Turing Institute, and the FCA; and a roundup of our recent research highlights and publications.

I hope you find this email useful. If you have any material that you would like in

upcoming editions please do get in touch via the contact details below.

Best wishes,

**Rebecca Riley**

**Director, Economic Statistics Centre of Excellence**

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## New visitors to ESCoE /



We are pleased to welcome two visitors to ESCoE in October: Ana Aizcorbe, Senior Research Economist at the US Bureau of Economic Analysis in Washington DC; and Leonard Nakamura, Emeritus Economist at the Federal

Reserve Bank of Philadelphia.

As part of ESCoE's 'Measurement in the Modern Economy' series, Ana and Leonard will consider the extent to which the secular stagnation we observe in fact reflects secular deflation obscured by mismeasurement. They will deliver presentations at the NIESR offices in London on Tuesday 8 October. Ana will present 'Getting Smart About Phones: New Price Indexes and the Allocation of Spending Between Devices and Services Plans in Personal Consumption Expenditures' and Leonard 'Evidence for Growth Acceleration and Price Deflation in the US'. For more information and to register please visit: <https://www.escoe.ac.uk/secular-stagnation-or-secular-deflation>

Also during their visit, Ana will present to staff at the ONS in Newport, and Leonard will be visiting the Bank of England.

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## Autumn research seminars /

Our research seminars at the Office for National Statistics (Drummond Gate) are returning, with a new slate of dates and speakers for your diaries now announced for the Autumn term. The seminars are held on Tuesdays from 16.00-17.00.

**15 October 2019** - Ana Galvão, University of Warwick - 'Communicating Data Uncertainty: Experimental Evidence for the UK GDP' - register [here](#)

**12 November 2019** - Sarah Eaton, Office for National Statistics - 'International Business Unit - Understanding Multi-National Enterprises' - register [here](#)

**26 November 2019** - Marco Francesconi, University of Essex - 'For a Fistful of Kroner? The Impact of Business Income on Income Inequality' - register [here](#)

**10 December 2019** - Mairi Spowage, University of Strathclyde - 'Interregional trade within the UK - Improving approach and consistency of measurement' - check [here](#) for info on registration



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## Call for papers for ESCoE Conference on Economic Measurement 2020 /



Planning has begun for ESCoE's annual conference on Economic Measurement 2020, organised in partnership with the Office for National Statistics. Our annual conference is a new forum to promote research on economic measurement and increase dialogue between academic economists,

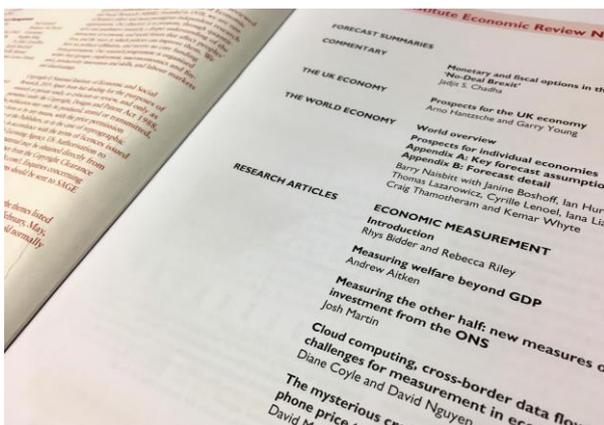
national statisticians and statistics users to improve economic measurement. We'll be returning to the excellent King's Business School in London (20-22 May 2020) where we will build on the success of 2019's ambitious programme (read about the 2019 conference [here](#)).

Our keynote speakers have been confirmed and we're delighted to welcome Anil Arora (Statistics Canada), John Van Reenen (London School of Economics) and Anna Vignoles (University of Cambridge).

The call for papers opens on Monday 14 October. Look out for more information on our conference [here](#).

We look forward to receiving your submissions!

## ESCoE in the National Institute Economic Review /



Following our 2019 Conference, a number of our papers were published in the August 2019 edition of NIESR's National Institute Economic Review. You can read an overview of the papers here:

[Introduction: Economic](#)

[Measurement](#), Rhys Bidder & Rebecca Riley

The articles address a wide range of topics in economic measurement, focusing in particular on issues pertinent to the measurement of welfare and to measurement in an increasingly digital and global economy. Andrew Aitken's article on "[Measuring welfare beyond GDP](#)" is free for all to read, but other articles are behind a paywall. Blogs on our website contain the highlights.

[Measuring the other half: new measures of intangible investment from the ONS](#), Josh Martin (read the accompanying ESCoE blog [here](#))

[Cloud computing, cross-border data flows and new challenges for measurement in economics](#), Diane Coyle & David Nguyen (read blog [here](#))

[The mysterious cross-country dispersion in mobile phone price trends](#), David M. Byrne (read blog [here](#))

[Exploring the link between economic complexity and emergent economic activities](#), Alex Bishop & Juan Mateos-Garcia (read blog [here](#))

[Distinguishing between imports for domestic use and for re-exports: a novel method illustrated for the Netherlands](#), Oscar Lemmars & Khee Fung Wong (read blog [here](#))

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## Other research highlights /



Our researchers have been developing many innovations in economic measurement. Some recent highlights include work to develop faster regional growth measures, democratic measures of income growth, new methods for

accounting for human capital in GDP and extending human capital measures to account for health status.

More timely and higher frequency regional macroeconomic indicators are essential to effective economic policy and decision making. Stuart McIntyre and his colleagues at University of Strathclyde and Warwick Business School have constructed a model to produce higher frequency estimates of regional economic growth to the same approximate timetable as estimates are produced by the Office for National Statistics for the UK as a whole. You may have heard about this at the 'Official & Public Policy: Developments in regional economic statistics' session at the RSS Conference in Belfast, 2-5 September. Their approach is described on our website [here](#) and their latest estimates to 2019 Q2, published in August, are available [here](#). Look out for their 2019 Q3 estimates, which will be available in November.

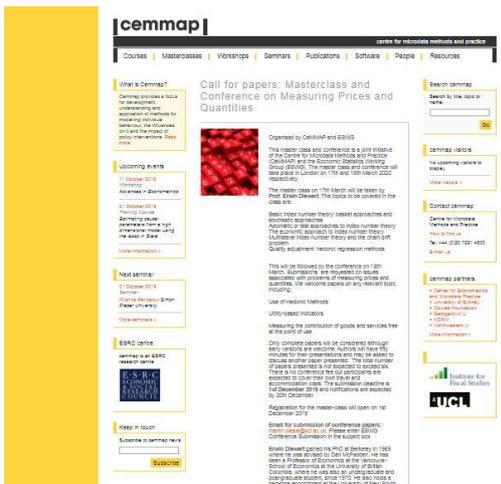
Andrew Aitken of the NIESR and Martin Weale of King's College London continue to develop their democratic measure of income growth, which unlike GDP growth weights the growth experience of income-rich and -poor households equally. They recently discussed this work at the EEA Conference in Manchester, 26 August, and at the OECD, 16 September. They suggest that to be meaningful it is crucial such measures take into account the different rates of inflation faced by households in different parts of the income distribution.

Mary O'Mahony of King's College London, Lea Samek of the OECD and Carol Corrado of the Conference Board are developing new methods for accounting for human capital in GDP. They develop a novel approach to estimating the impact of education on productivity by treating schooling produced knowledge as intangible assets. This work was recently presented at a Brookings Conference on productivity measurement in Washington DC, September 12/13. In related work Mary and Lea examine the impact of morbidity on human capital stocks with an application to the UK from 1996 to 2018.

Look out for this at an upcoming conference on Macroeconomic Perspectives on the Value of Health at the NBER in Cambridge, Massachusetts, November 8, and in our discussion paper series.

## Other dates for your diaries /

### Call for CeMMAP and ESWG's 2020 'Masterclass and Conference on Measuring Prices and Quantities' papers



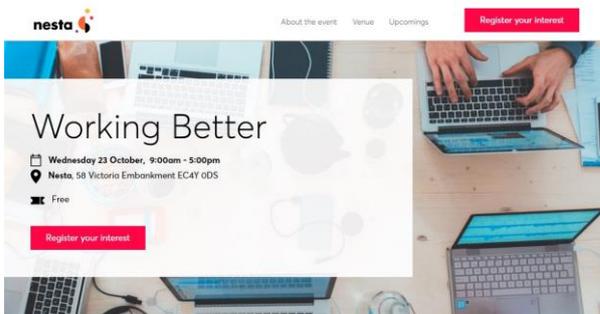
CeMMAP and ESWG's 'Masterclass and Conference on Measuring Prices and Quantities' will be taking place in London on 17 and 18 March 2020.

Submissions are requested on issues associated with problems of measuring prices and quantities. The submission deadline is 1 December 2019 and notifications are expected by 20 December. For more

information and to submit, click [here](#).

The Economic Statistics Working Group (ESWG) is a partnership which brings together the Royal Statistical Society, the Office for National Statistics, the Economic Statistics Centre of Excellence, the Society of Professional Economists and the Royal Economic Society.

### October 2019 'Working Better' Nesta Conference



Nesta's 'Working Better' - 'Using data and design to create an inclusive, future-oriented system for jobs and skills' conference is taking place at Nesta on the 23 October.

Using data and design to create an inclusive, future-oriented system for jobs and skills

The conference will gather together over 100 experts, policymakers and practitioners to explore ways that

About the event

novel data sources can be used to anticipate changes in the demand for skills and help people navigate into jobs that are right for them. Register via the Nesta site: <https://www.nesta.org.uk/event/workingbetter/>

### **Economic Data Science seminar series at the Alan Turing Institute**

This month sees the launch of a new series of seminars co-arranged by the ONS Data Science Campus, The Alan Turing Institute, and the FCA. The seminars will focus on new methods and applications of data science techniques to address interesting economic questions. The venue will rotate between the Alan Turing Institute (St Pancras), the Office for National Statistics (Drummond Gate) and the Financial Conduct Authority (Stratford). Mihaela van der Schaar (University of Cambridge) will be speaking at the first seminar, at 4pm on Wednesday 16 October at the Alan Turing Institute in the British Library. Doayne Farmer (University of Oxford) will speak at 4pm on Wednesday 20 November, again at the Alan Turing Institute in the British Library.

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## **Our recent publications /**

We published a number of *Discussion Papers* and other reports during the last three months. Click links to read / download or visit our website for earlier publications.

Our latest is '[No plant, no problem? Factoryless manufacturing and economic measurement](#)' (ESCoE DP 2019-15) by Diane Coyle and David Nguyen.



'Factoryless manufacturing' describes the strategic decision by businesses to outsource part or all of their production to a sub-contractor, sometimes overseas. Although it seems to be widespread in some sectors of manufacturing, the

phenomenon is not captured by existing economic statistics. Failure to measure its extent implies there may be misattribution of production activity across sectors and countries. In particular, the decline of manufacturing could be somewhat overstated. We present web-scraped evidence on the extent of factoryless manufacturing in the UK, finding that firms in sectors such as chemicals and pharmaceuticals are more often involved in contract manufacturing, whereas in the US it is more prevalent within electronics. We also present case studies on UK automotive and pharmaceuticals based on systematic analysis of annual reports and websites. Given the sector-based focus of many economic policies, these findings point to the need for consistent measurement of factoryless manufacturing through official surveys.

Other Discussion Papers July-September 2019 include the following:

[Improving the Measure of the Distribution of Personal Income](#) (ESCoE DP 2019-14) by Dennis Fixler, Marina Gindelsky and David Johnson

[Misreported Trade](#) (ESCoE DP 2019-13) by Mohammad Farhad, Michael Jetter, Abu Siddique and Andrew Williams

[Who are business owners and what are they doing?](#) (ESCoE DP 2019-12) by Jonathan Cribb, Helen Miller and Thomas Pope

[The Welfare Implications of Public Goods: Lessons from 10 years of Atkinson in the UK](#) (ESCoE DP 2019-11) by Fred Foxtton, Joe Grice, Richard Heys and James Lewis

We launched our *Occasional Paper* series in September with '[That's your bloody post-truth](#)' (ESCoE OP 01) edited by Ed Humpherson.

From amongst the noise and commotion of the countless public meetings held during the 2016 EU Referendum, there was a voice that cut-through like few others. At an event in Newcastle, King's College London's Europe expert, Professor Anand Menon, invited the audience to imagine the likely impact of Brexit on the UK's GDP. A response was shouted, "That's your bloody GDP. Not ours.". This incident has since gone on to become the stuff of legend. 'That's your bloody GDP, not ours' is emblematic of the way in which it is said that elites and experts have lost *contact* with the public and lost the *confidence* of the public. It's a standard exhibit in articles and books on what's become known as 'post-truth'. The purpose of this Occasional Paper is not to explore the general realms of misinformation, fake news, trust in experts and associated issues. That's well-trodden ground, perhaps even hackneyed, with at least

three books published on 'post truth' in 2017 alone. The purpose is to ask: What should we do, if anything, to maintain confidence in economic statistics?

And we published the following *Technical Report* in August:

[Feinstein Fulfilled: Updated Estimates of UK GDP 1841-1920](#) by Solomos Solomou and Ryland Thomas (ESCoE TR 04)