

Looking ahead in Economics – 15 June 2021

KAREN FOLEY: Welcome back to Student Hub Live. In this session, we take a disciplined, focused look. And we're looking ahead in economics. I'm joined by Susan Newman who is a professor of economics and head of the economics discipline here at the OU. Now, it's interesting, because Susan took an indirect route to becoming an economist. Her first degree was actually in physics, and she only later discovered her interest in economics after becoming involved in student activism.

I'm also joined by Kevin Dean, who's a senior lecturer in economics. He joined the OU recently, in January, this year - so probably hasn't met any colleagues face to face - from Queen Mary University in London, where he worked in global health. Now, Kevin's also interesting because his broad interests are in international development and public health, so something we've been talking a lot about before. So Kevin says of himself some people might not consider himself a real economist, so two people here with very different aspects.

And I think one of the things I always enjoy discussing when we think about economics is the broad-ranging aspects that we can apply to it. So before we start looking at what we do in terms of economics here at the OU, we want to hear from you at home about what you think economics is all about. So we've got a word card here that just says, what are three words that spring to mind?

So when we say the word economics, and, bearing in mind, lots of the things we've been talking about today, what are some of the things you think about? Remember that with these word clouds, you can put one or two things in and just a full stop or an X in the box, otherwise your results won't submit, and then we can also see what other people at home say as well. So let's, let's take a look at that. And while we're getting that ready, Susan, I wonder if you could begin by, sort of, giving us, perhaps, your perspective and certainly one coming at this from a very indirect route.

SUSAN NEWMAN: Yeah, sure. I mean, economics was not something I was at all interested in. I mean, I had a very narrow view of what economics was. It was about money, and the only people that want to study it were the people that wanted to work in the city and get rich.

And it was only through, as you venture student activism, looking around the world, trying to understand broader social, economic, political processes, I realised that, actually, economics is about much more than that. It's about the way in which society as a whole is organised. And it's really important that we study the economy in that way, in order to develop the right kinds of policies and practices that actually bring about better equality and better social outcomes.

KAREN FOLEY: And it's not just those sort of content areas. What's quite interesting about economics is the different models and perspectives, which, I guess, can compete and co-exist and do lots of different things. So it's not just the issues that you're concerned with, is it?

SUSAN NEWMAN: No, that's absolutely right. I mean, I think one of the reasons I had such a narrow view of economics is because we often think about economists as, kind of, a type of

mathematician, someone who creates these very abstract models and crunches numbers, something, you know, close to accountancy and other quite routine cog-winding kinds of work. But, actually, it's about so much more than that.

And there are approaches that look at economies not so much as if it's just a load of individuals behaving, trying to maximise what economists call utility. But, actually, it's about social structures. It's about power. And it's only about taking a step back and actually thinking about the economy as a whole and, what - you know, who does what rather than how does an individual behave, do we start to really, yeah, understand what's really underneath some of the phenomena we see today that have been discussed so far today.

KAREN FOLEY: And this is why it's so important that you work with so many other disciplines. And hence, being in the School of Social Sciences and Global Development works really well because those areas are all of interest. Now, one of the things that you tell me, and I'm hoping you can explain, is this notion that the way that we do economics at the OU is pluralist. I wonder if you can tell us non-economists a bit about what that means and why you've taken that approach.

SUSAN NEWMAN: Yeah, so it's a little bit related to what I've just been saying, is that, you know, economics, actually, in many departments actually is changing now. But for a very long time, economics was taught in a very singular and narrow way, you know, looking at the world as if it was just a load of individuals behaving in a way to maximise, you know, their well-being, well, utility, through personal consumption, right. And that's led to very narrow kinds of policies.

And what we want to do is, yeah - but rather than that, we want to take a pluralist approach, that is, we engage in those ideas and how they enter the policy field. But we also try and see alternative ways of understanding the same problem. So there exists many, many different ways in which economic problems are dealt with. And we try and - we try and see that from different perspectives.

KAREN FOLEY: Now, we asked people at home three words that come to mind. And we didn't give much time for this, but some of them are focused on some of the key notions, I think, Susan, that you were talking about earlier, things that are typically associated with the study of the discipline, so things like finance, trade, money. But also, other areas here are coming into play, things like understanding poverty, capitalism, budget, society and inequalities. Now, these are things that you're very concerned about, social inequality, global inequality, gender inequalities, for example, and many others, and also the notion that things are very much context-bound in a time and a place.

SUSAN NEWMAN: That's right, yeah. No, we absolutely are. We're - I mean, this is really the bread and butter, the discipline in economics at the OU. We want to look at, you know, ways in which distribution works across society or how - where inequalities exist. How are they reproduced through policy? What policies are required in order to change those? And those include: inequalities around health, along gender lines, in different places of work, income, wealth, control over resources. It also - in relation to the state and the corporate world, you know. What are all these power relations and how does that determine outcomes in society?

So, absolutely we're interested in that, and there's a lot of different kinds of work and project within discipline looking at that, we've got people working with the Women's Budget Group, looking at how policies affect women in society, particularly through, you know, government budgeting. We have a lot of work on global health that Kevin is involved with also, and, I think Charlotte also mentioned earlier, around cancer care. We look at innovation, how innovation takes place in society, not just from the perspective of powerful corporations, but what ordinary people in different contexts, how they can innovate also.

KAREN FOLEY: So, Kevin, with that in mind, let's, let's bring in some of your research. I mean, one thing that we've sort of been talking about throughout today is vaccinations. Now, Boris Johnson said that greed and capitalism helped the UK's vaccination success. So I wonder if we can think about whether or not that's the case. What are your views?

KEVIN DEAN: Well, I think, firstly, what we need to do is really think about, you know, why Boris may have made that claim in the first place. I think what's been really interesting as an economist through this crisis is how intertwined public health considerations and policies have been with economic considerations. So every time we're thinking about locking down or imposing certain measures, there have been - obviously, you need to think about the economic impact of that and what schemes will be needed to support the economy and people's livelihoods, and also to support the post-COVID recovery.

Now, in this particular situation, the government has very much had to step in with a huge amount of funding directed to many people at the furlough scheme, providing, you know, VAT holidays, support to businesses, and a range of other things, as well as, you know, funding, funding a vaccine development. So there's been a massive amount of state intervention in the economy. And this kind of goes quite against Boris Johnson's own more libertarian view, you know - the state shouldn't be too involved in the economy, that you should let markets do their thing, and that people actually know what's best for them and can make rational decisions. So this is partly a signal to - from Boris to his supporters, saying, I know that we've been engaging in a massive amount of state intervention, but I haven't forgotten about, you know, my own beliefs and the importance I attribute to the role of markets in the economy. So there was, kind of, one reason for why he may, may have said this.

And you have to understand, you know, that, that context. I think my own personal view is there's lots of evidence that points to the fact that it wasn't greed and capitalism that was driving the delivery of the vaccine. Obviously, the government, for the AstraZeneca vaccine, provided tens of millions of pounds in research and development funding. There was a partnership between Oxford University and AstraZeneca as a private sector organisation.

And this is very much the government saying there is a social problem here. Here's some funding, develop the vaccine, and we will place massive amounts of orders and, you know, ensure that there is a return for you. So, the way that the vaccine was developed was not really about capitalism and markets working in self-interest. It was about the government directing investment into something that was socially desperately needed.

If you think about the delivery of the vaccine, again, this was very much done through the NHS, a publicly funded institution. And for those of us that have been lucky enough to have the vaccine, it's also been delivered by an army of volunteers acting in, in what we think is an altruistic way to help us engage with this massively challenging problem. So the long answer is it's probably not accurate, but you also have to understand why Boris may be making those claims in the first place.

KAREN FOLEY: Brilliant. It sounds like the ice cream van's outside my house, but it's actually my daughter's mobile phone, which she left it on the shelf. I didn't recognise that ring. Clearly, she's been inspired. We've been asking, also, our audience at home, and we've been updating the responses which have been coming in, about how economists might explain higher COVID rates in poorer areas, so have a think, if you haven't already had a look at that, about some of the things that you might want to add there in terms of that.

So, so we've been looking, then, at some of these sorts of issues to do with the vaccination, as you say, the extent to which markets can really have an impact in terms of what happens. But it has been well documented that the COVID rates have been higher in poorer areas, and inequality has been something that we've been talking a lot about today. So how might economists then explain some of the, you know, differences between those populations, just based on wealth?

SUSAN NEWMAN: Shall I start that one off?

KEVIN DEAN: Well, so -

KAREN FOLEY: Yeah.

SUSAN NEWMAN: Apologies. Kevin, you're welcome to carry on.

KEVIN DEAN: That's OK.

SUSAN NEWMAN: No, I was just going to say, yeah, no, that brings us back to some of the questions we were having about different types approaches to economics and how, actually, different economists would have very different interpretations of this. So if you come from a more, kind of, standard, mainstream economics model that places the individual behaviour at the heart of your understanding of economic outcomes, then you might try and think of this in terms of behaviour. So people might start thinking that maybe we focus on the behaviours of the poor.

Is it that poor people are inherently more risky in their behaviours around health? Are they, you know - do they make worse health-related decisions? you know. This is the kind of thing we did see in the media, right, in terms of the vilification of certain communities in breaking lockdown restrictions and behaving in unhealthy ways around the lockdown. So that's, you know, that's one way of looking at it.

But I think Kevin and I would both probably look at it in a broader sense, right. So the different perspective is actually let's understand the economy as a structured social organisation that has at the heart of it, you know, power relations, a distribution of wealth, a structure in society about who does what, a gender structure in terms of which women's work is, you know, understood

and paid, the way in which our labour market is racialised in terms of who does what kinds of work and for what kinds of return.

So, if we start looking at it this way, then we see that poorer populations are also those that are less likely to work from home. They're not university lecturers that can suddenly move their classes onto Zoom. They're workers that at the beginning of the pandemic were understood as essential, right. These are people that had to continue to go to work. These are health workers. These are social care workers, care home staff, supermarket workers, depot, you know, people that work in distribution warehouses, public transport, and so on and so forth.

These are the people that had to continue working because of the essential nature, but also because they're forced to work in - you know, they're forced, then, to work outside of the home in these more risky contact areas. And they're less able to self-isolate when - if someone close to them has COVID. There isn't adequate social support or payment for so-called gig economy. We don't have proper health care.

We do have health care, but we don't have social security, sick pay, and suchlike that would support the self-isolation of these groups of workers. So the policy conclusions coming from this perspective will be very, very different. They'll be much more about the role of the state in supporting the poorer in society, in terms of helping them self-isolate, into making sure that their, their income was, you know, supported in case of illness, et cetera.

KAREN FOLEY: Now I'm going to show you the word cloud that people have been filling in at home. And then, Kevin, I'm going to ask for your thoughts on this. So we asked people how would economists explain higher COVID rates in poorer areas. And this is what they had to say. Key thing that was coming up most was inequality. Other things were things like housing density.

But, as you mentioned, Susan, other aspects in terms of understanding - so perhaps some behavioural things - there's not much here in terms of stigmatisation, which you were talking about, but certainly things in terms of cultures and, you know, vaccination hesitancy. So it's those certain behavioural things that are coming into play also. Kevin, I wonder if there's anything you might like to pick up on here in terms of what people have said.

KEVIN DEAN: Well, I mean, I think a lot of the words in the word cloud are pointing to this dichotomy that we've, that we presented, this idea that it is about cultural understanding or behaviour compared to other more, kind of, structural issues. And, you know, I think this key notion of inequality, I think we've been - all been very aware, and economists have been certainly very aware, that the COVID era has certainly, massively widened inequality within our society. So, as Susan was saying, you know, there's lots of us that have been lucky enough to work from home. We've kept our job.

You know, we've heard within the UK economy the other day that collectively, as a society, we've saved a hundred and seventy billion pounds. And, you know, there was the hope that as things begin to open up, all these savings would flood back into the market into, you know, through consumers and this would really help the recovery. But that's, that's certain people in

society that are managing to save at other times when people have been on furlough or, you know, lost their jobs or, you know, face a range of pressures, such as home schooling and caring responsibility.

So I think this idea of inequality has, you know, really shaped, you know, not just who has COVID, but also the impact that COVID has had and will continue to have in the longer term. So I think that word, inequality, was really, really important. It's really great to see our students raising that.

KAREN FOLEY: And Damon, what other comments are people talking about at home?

DAMON MILLER: Yeah, it's interesting. I mean, one of the things that's come up is that the COVID vaccinations really been reliant upon volunteers rather than people being paid. And it was the unions - Linda's mentioned that it was the unions - that forced the government into doing the furlough scheme in the first place. It wasn't really a government idea to, to do that. So it's the, the balance between, I guess, the quality of actions is how Linda's, Linda's described it. So whether it's government-led or society-led, the response is really interesting. So yeah. As Sandra says, hindsight is a wonderful thing.

KAREN FOLEY: Challenging. So that's one issue. We've only got one minute left, Susan. And I wonder if you could just sum up by, by perhaps exploring some of the other areas, just generally, that economists have been interested in. I mean, this has been one as a result of the COVID situation, but it's not the only one. What are some of the other things that have been brought front of mind?

SUSAN NEWMAN: I mean, in terms of work, there's a lot more discussion around the role of artificial intelligence, the nature of platform economies, and whether or not the world of work is going to change. I mean, these are not new because of COVID. I mean, these have been pre-existing debates, but they've been brought to the fore very much by COVID and the pandemic.

There's been a lot of other aspects. I mean, Kevin works a lot around these - some of these issues of global public health, you know, the questions of access to vaccines, vaccine nationalism and hoarding, you know, these questions of interstate inter-country kind of economic and social relations. We've talked about widening social inequality, but also particularly in relation to women and women in work. I mean, this is something, again, that pre-existed. In the last financial crisis, there was women that had a much, far higher rate of redundancies. More recently, again, more women have been furloughed than men in relation to their labour force participation. Yeah.

So there's lots of areas in which we're discussing this - the burden of housework. All of this - many, many of these things - I mean, I think one of the students mentioned the joy of hindsight. However, you know, these are the sorts of things that OU economists have been discussing for a very long time. And they've been brought into sharp relief. But, really, we've been able to anticipate many of these issues precisely because of the way in which we, we approach economics.

And that is through looking at it from different perspectives and through debate with one another, so to value, you know, disagreement, to ask - to encourage critical thinking amongst ourselves and our students. And this is at the very heart of what we're developing at the moment in our masters, in our MSc, which will be looking at many of these challenges and aspects of inequality from different economic viewpoints.

KAREN FOLEY: Brilliant. That's absolutely wonderful. Susan and Kevin, I'm afraid that's all we've got time for. But that's thrown up some really amazing issues and certainly shown us that there's more to economics than just the sort of, you know, aspects like money that we thought were there centrally. So that's been a really, really interesting discussion. Thank you so much.

We're going to have a quick video now, which is about research within FASS because our next session is going to look at research-led teaching. And then we conclude the day with a really exciting discussion around careers and criminology, so stay tuned. I'll see you in just a moment.

[MUSIC PLAYING].