Letter from America —

On blood, immigrants, and intellectuals

Angus contrasts current attitudes in the USA towards intellectuals and immigrants with those of the founding fathers.

AMERICA CAN SEEM very strange to foreigners. When I first set foot in New Jersey with my family in the summer of 1979, I somehow imagined that the place was infested with gangsters. Not from *The Sopranos*, which then lay far in the future, but more likely from reading *Tintin in America* to my kids, or from versions of the Al Capone story in the *Reader's Digest* that, as a child in Scotland, had badly scared me. We visited a hamburger place — in those days hamburgers were thought to be healthy, and compared with the British versions of the 70s, probably were — and as I carried my tray to a table, there was a loud pop. I looked up, and a man across the room had his hands over his face, with gore oozing between his fingers. Just as I had supposed.

Universities held in low repute

Today, America is probably more famous for the rampant anti-intellectualism of its administration than for a relatively quiescent Mafia. We are terrorized more by populists than by gangsters, and populists seem to hate immigrants and intellectuals in equal measure. President Trump is an ardent (and apparently genuine) mercantilist, and if he had a science advisor — which he has not managed to get around to selecting — he or she would likely recommend leeches or alchemy. The tax bill passed in December not only redistributes from poor to rich, but also imposed a tax on university endowments, and, in an early version, proposed to tax as salaries the tuition relief that graduate students nominally receive as an accounting counterpart for the teaching they must do. Universities are generally unpopular, with 58 percent of Republicans saying that colleges and universities have a negative effect on the way things are going in the country. Only 28 percent of Democrats agree, but taken together, the numbers are not encouraging.

Even the UK is suspect

Immigrants are seen even less favorably than intellectuals, especially if they come from Muslim majority or terror prone countries. In 2015, one of my fellow Nobel Laureates was Aziz Ancar, who was born in Turkey, another, Bill Campbell, was born in Ireland. The UK was long classified as terror-prone because of the IRA, a classification which would have done in not only me, but Oliver Hart in 2016. In what now seems like the good old days, we were warmly and knowledgeably welcomed to the White House by President Obama. In 2017,

the Nobel visit to the White House did not take place, perhaps by mutual agreement, given that several laureates were no keener to meet the President than was the President to meet them. And after all, what could Trump possibly learn from Richard Thaler, who works, among other things, on self-control?

One immigration measure on the table is the RAISE Act, proposed in the Senate by Tom Cotton and David Perdue, and supported by President Trump. It aims to cut immigration by half, and would subject potential immigrants to a test to select only those whose skills are thought by the sponsors to benefit the country. The *New York Times* published a version of the test, on which 30 points were needed to qualify. I scored 31, just scraping by. The decisive factor for me was not my Cambridge BA, which did not count, but my high income, which I should not have had had I not been already in the US. Then I noticed a footnote. A Nobel Prize counts 30 bonus points — elevating me to 61 — but not just any Nobel Prize. It must be in a STEM subject. Peace and literature are apparently not useful in today's United States. I was surprised only that economics did count. Mercantilism, anyone?

What would John Winthrop have thought?

Yet there is another side. The Puritans who started the Massachusetts Bay colony greatly valued learning, and founded Harvard within a few years of their arrival. Richard Hofstadter in his history of anti-intellectualism in America quotes Moses Coit Tyler 'Only six years after John Winthrop's arrival in Salem harbor, the people of Massachusetts took from their own treasury the fund from which to found a university; so that while the tree-stumps were as yet scarcely weather-browned in their earliest harvest fields, and before the nightly howl of the wolf had ceased from the outskirts of their villages, they had made arrangements by which even in that wilderness their young men could at once enter upon the study of Aristotle and Thucydides, of Horace and Tacitus and the Hebrew Bible.' Shortly thereafter, Oxford and Cambridge recognized Harvard's degrees as equivalent to their own. Of course, Trump is no Puritan.

Hofstadter's story is one of cycles, of periods of commitment to scholarship, and periods of turning away, largely associated with changes in religion. In more modern times, the US made a large commitment to education after Sputnik in the early 1960s. As for immigrants, we are often

What needs to be appreciated is that the best machine learning algorithms are considerably more powerful than the econometric tools we have at our disposal. Manuel Fernandez-Delgado and colleagues compared the performance of 179 algorithms on 121 challenging data sets, in a paper published in the *Journal of Machine Learning Research*,[4] as long ago (!) as 2014.

They found that two machine learning algorithms, random forests and support vector machines, were decisively the best. Generalised linear models and logistic regression were 'simply not competitive at all' (p.3195). The research was of course carried out before the development of the new generation of deep learning neural network algorithms, though these of course do appear to need substantial amounts of data.

The dramatic rise of cyber society raises further key questions for economics. What does it mean, for example, to exercise rational choice in a world in which there is such a massive abundance of data that it is not possible to gather and process anything other than a tiny fraction of the total amount available in any given context? Can we reasonably maintain the assumptions of stable and transitive preferences when agents are bombarded with the choices, opinions and behaviours of others?

But these are broader and deeper questions. What economists can do quite readily is to embrace the concept of algorithmic economics — modelling and analysis based on AI machine learning and computational statistics — to extend our understanding of the modern world.

Notes:

1. Paul Ormerod is a Visiting Professor at University College London (UCL). His latest book, *Against the Grain: Insights from an Economic Contrarian*, will be published this spring by the Institute of Economic Affairs in conjunction with City AM newspaper

2. https://www.aeaweb.org/articles?id=10.1257/aer.107.4.967&within%5Btitle%5D=on&within%5Babstract%5D=on&within%5Bauthor%5D=on&journal=1&q=Shiller&from=j

3. https://www.aeaweb.org/issues/453

4. http://www.jmlr.org/papers/v15/delgado14a.html

UK Honours

As the *Newsletter* went to print in January, we learned of a number of honours being awarded to members of the Society.

Diane Coyle was appointed CBE for 'services to economics and the public understanding of economics'. She is is currently a member of the Natural Capital Committee and a Fellow of the Office for National Statistics. Diane has taken a leading role in debates about reforming the economics curriculum and is a contributor to the free online CORE economics curriculum and its associated textbook *The Economy*. She is also a leading figure in the annual Festival of Economics in Bristol, which has been running since 2011. Her books include *GDP: A Brief but Affectionate History* and *The Soulful Science* (both Princeton University Press). She has worked at the Treasury and in the private sector as an economist and founded the consultancy Enlightenment Economics, where she has worked extensively on the impacts of mobile telephony in developing countries. Diane is currently a member of the RES Council and is involved in a number of RES initiatives.

Tim Besley is School Professor of Economics of Political Science and W Arthur Lewis Professor of Development Economics in the Department of Economics at LSE. He is also a member of the National Infrastructure Commission. He is a Fellow of the Centre for Economic Policy Research, the British Academy and the Econometric Society, where he is President for 2018. He is also a Foreign Honorary Member of the American Economic Association and the American Academy of Arts and Sciences. In the past, he has been the President of both the European Economic Association and International Economic Association and was an RES Council member 2000-2005. Tim was appointed a Knight Bachelor 'for services to economics and public policy'.

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reminded that the US is a nation of immigrants, but here too, attitudes change over time, and are different from place to place. California, with more than a quarter of its population foreign born, likes its immigrants, and is locked in a legal battle with Attorney General Jeff Sessions, a longtime opponent of immigration, and once a senator from Alabama where there are few immigrants.

But what about the mafia and the burger joint? Turned out I was the shooter. I had accidentally dropped a plastic packet of tomato ketchup from my tray, then stepped on one end, causing the packet to explode and to shoot red liquid into my fellow patron's face. Sometimes, after all, the blood is only fake blood.

Author's note: This is a revised and updated version of remarks made at the Swedish Consulate, New York on Nobel Day, December 10th, 2017.