

## in brief...

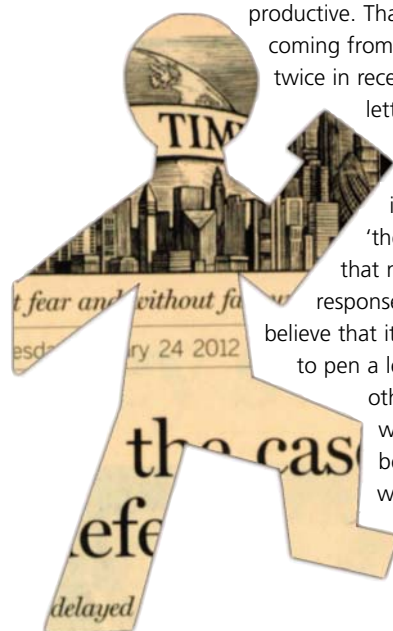
# The letters page

Last autumn, the *Financial Times* published a series of letters from economists about the pros and cons of scrapping the 50p tax rate for high earners. **Alan Manning** questions the value of researchers conducting such debates about economic policy through the pages of newspapers.

On 7 September 2011, a letter from 20 eminent economists was published by the *Financial Times* urging the government to scrap the 50% marginal tax rate on annual incomes over £150,000 per year introduced in April 2010. The days that followed saw a flurry of letters both agreeing and disagreeing with this view. I myself contributed to it by having a letter published in the FT the following day.

I do believe it is important for social scientists to come out of their ivory towers and seek to influence debate about important issues of public policy. And because the press is one place where these debates are played out – and the letters pages the most readily available way to get one's ideas some publicity – it is perhaps natural to find economists writing letters to the newspapers.

But at the same time I have a lot of reservations about whether debates conducted through letter pages are really productive. That might seem odd coming from someone who has



twice in recent years written letters to the papers. But rather like my children, I am inclined to say 'they started it' and that my letters were responses to others. I also believe that it is consistent both to pen a letter in response to others and to think we might all have been better off not writing them at all.

Let me explain the problem.

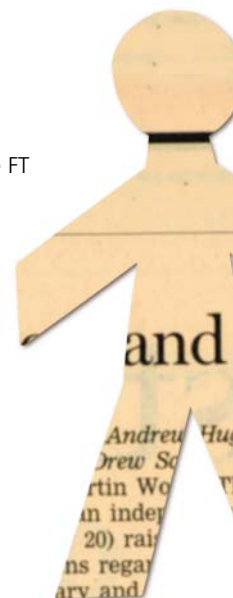
There is an incentive to write 'group' letters to the newspapers as they get attention. The 50p letter to the FT was reported in most other UK newspapers, the subsequent letters expressing disagreement were not.

So if you want to influence policy in some way, then there is an incentive for making a pre-emptive strike. And you don't have to worry too much about the content of the letter: the authority of these letters is not really in their content but the signatories to them. This is probably just as well as the list of signatories is often much longer than the body of the letter.

Although it always helps to have someone high profile on board (DeAnne Julius played that role in the 50p letter), most of the signatories are probably unknown even to the highly educated readership of the FT. Sorry to disappoint those of my colleagues who think being a famous economist is the same as being famous.

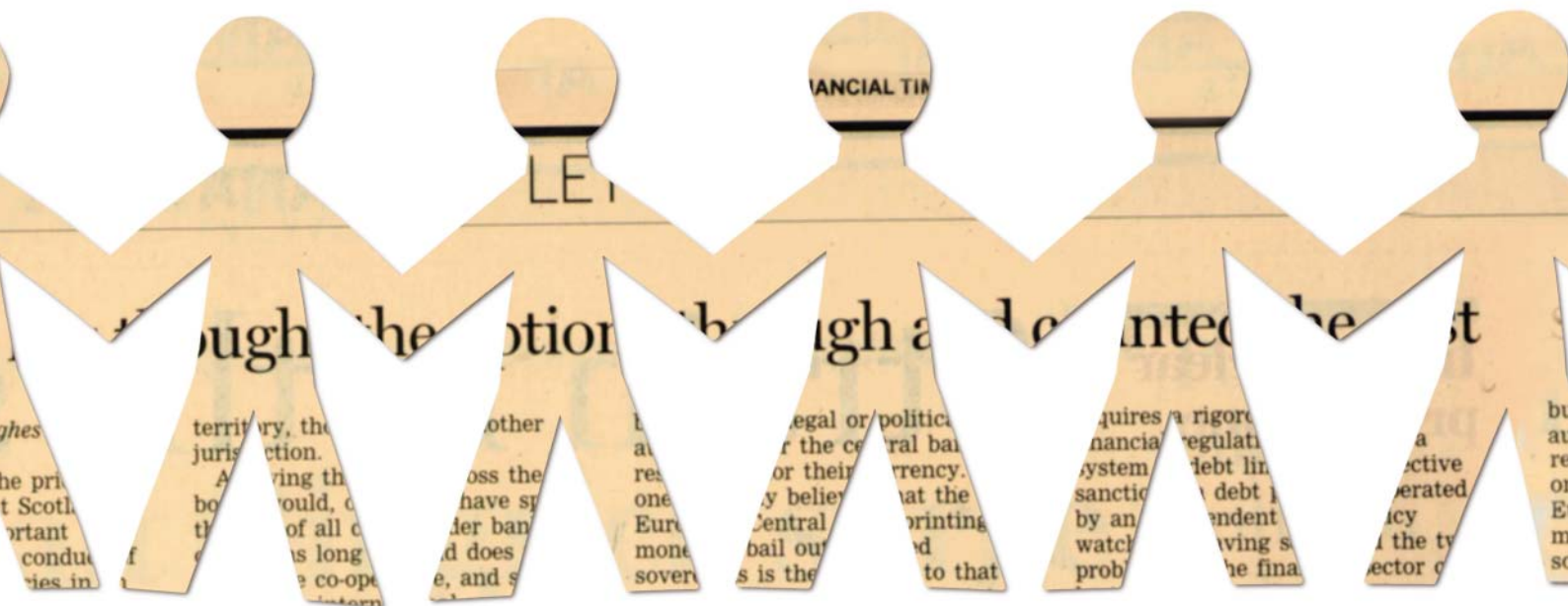
The best-known example of a group letter is the group of 364 economists who wrote to *The Times* in 1981 expressing their opposition to the policies of the Thatcher government – as if having one economist opposed for almost every day of a (non-leap) year made the content of the letter more compelling.

Given that the debate conducted on the letters pages often seems to come down to 'my list is longer than your list', it is not surprising that the general public end up with a rather low opinion of economists. In the case of the 50p letter, it was less than a week before the FT published a letter asking 'can any economist demonstrate their benefit... without another disputing it?' What starts off as a pre-emptive strike by one side ends up in mutually assured destruction for economists on all sides of the policy debate.



## Academic debates conducted through newspaper letters pages are rarely productive

## Economists have an obligation to provide serious evidence for their claims



Some of this reaction is a bit silly. Almost all contentious policy issues are complex with arguments for and against, rarely with all evidence pointing in one direction. The maximum length of a letter to the FT is not conducive to a nuanced discussion of the issues. But the way economists proceed also asks for such a reaction.

Newspapers will continue to want to publish such letters, so the only way to improve matters is for some degree of professional self-regulation. I would like public debate to be based on the issues not on appeals to authority – so let's see an end to group letters. Reducing the number of signatories would also free up column inches for the content of the letters. And let's make sure that we provide the workings behind our reasoning – not just our conclusions but why we have arrived at those conclusions.

My main issue with the initial letter on the 50p tax rate was that it simply consisted of an assertion, and it made no attempt to provide any serious evidence for its claims. It set a bad example for how serious economists go about their business.

What about the substance of the issue: should the UK retain or abolish the 50p tax rate on the top 1% of income earners? Here, I am not going to answer that question because the appropriate way for a professional economist to proceed is to wait until there is some

evidence on its impact. I think it is fairly clear what the main issues to look at will be: does the 50p tax rate act as a sizeable disincentive to work; does it encourage high earners to live elsewhere; and does it mean that high earners find ways to evade or avoid paying higher taxes?

We do have existing, though sometimes conflicting, evidence on related issues in other countries and other times. But we are going to have to wait for some evidence on the impact of the 50p tax rate and we should not pass judgment until that is in – which, according to recent newspaper reports, may be soon. The evidence may well be ambiguous but that is the best we will have.

Do I expect economists to adopt my self-denying ordinance with regard to group letters? I doubt it – self-regulation rarely works. So I fear I will find myself continuing to scan the letters pages of the FT ready to turn to my laptop to tap out another nail in the coffin that contains the reputation of economists.

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