

## Autumn 2019 newsletter

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*Welcome to the Autumn 2019 Newsletter. In this newsletter I pick up on some of the themes discussed in economicsense courses and list upcoming events and courses you might find interesting. Feedback and suggestions for future issues welcome. Catherine*

### Themes

**Economics: Thomas Cook** A fundamental question in economics is: What is the appropriate role of government? The Thomas Cook collapse this September is a reminder that this isn't straightforward. The British government didn't deem Thomas Cook to be 'too big to fail' - so no bank-style bailout. But repatriation will still cost taxpayers an estimated £100mn<sup>1</sup>. In a market economy firms in every sector can and do fail. Governments need to think about how risks should be allocated *ahead* of any failure and design policy accordingly. This is particularly important where firms are providing public services, as we learned rather quickly with the collapse of Carillion in 2018.

**Cost-benefit analysis: HS2** is a fascinating case study for any cost-benefit analysis (CBA) course. With the recently launched independent review of its costs and benefits ([see here](#)) I thought I'd draw your attention to some interesting commentary:

- Dieter Helm goes back to basics and asks what was the rationale for HS2 and what alternatives were considered – both important first steps for CBA: <http://www.dieterhelm.co.uk/regulation/transport/hs2-a-conclusion-in-search-of-a-rationale/>, while
- Nick Macpherson has suggested that HS2 was largely a political decision and would probably now fail a CBA <https://twitter.com/ft/status/1109842706514305024> which links both to how we build in optimism bias and how spending decisions are ultimately a combination of politics and analysis.

I'll be watching the HS2 review results closely. I'm particularly interested in how they deal with sunk costs given how far into the project we are.

**Analytical Careers: Stick or twist?** Have you ever seen someone arrive in a new post, often to a fair degree of fanfare, only to move on quickly? This raises what I call the stick or twist question: you are new to a post but three months in it doesn't feel right - do you 'stick' or 'twist'? When people look back on their career, they often see instances where roles that started badly got a lot better but also where the situation never really improved. Given that it always takes time to settle in, how long should you give yourself to make these decisions?

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<sup>1</sup> <https://www.gov.uk/government/news/government-and-uk-cao-launches-largest-repatriation-in-peace-time-history-after-collapse-of-thomas-cook>

## Upcoming events and courses

**Careers in Economics 7 October 2019:** Catherine Connolly will discuss careers with three leading economists – Alison Cottrell, Janet Henry and Osama Rahman. See: <https://spe.org.uk/whats-on/events/5434/careers-in-economics> *This event is free and open to all. In order to attend please register with the SPE office on 01264 737552 or [admin@spe.org.uk](mailto:admin@spe.org.uk)*

**Strategic Career Development for Analysts 11th & 18th October 2019:** This course is designed to support strategic career development for experienced analysts - suitable for professional economists, statisticians, social researchers, scientists and operational researchers with around 10-15 plus years of experience, e.g. government grades G6 / E2 level. For booking: <https://www.eventbrite.co.uk/e/strategic-career-development-for-analysts-october-11th-and-18th-tickets-66815397653>

**Overview of cost-benefit analysis 4<sup>th</sup> November 2019:** This course provides an introductory overview of cost-benefit analysis (CBA) suitable for economists. It is run by SPE Courses with Catherine Connolly and Ken Warwick as tutors. Booking via email to [info@specourses.co.uk](mailto:info@specourses.co.uk) or visit [www.specourses.co.uk](http://www.specourses.co.uk)

**Economics for non-economists 16th & 17th January 2020:** This two-day course is designed to provide an accessible overview of economics. Topics will include market structure and competition, market failure, fiscal policy, monetary policy and regulatory policy. There will also be a special section on global trade that would be useful for anyone working on Brexit-related issues. For booking: <https://www.eventbrite.co.uk/e/economics-for-non-economists-tickets-74733831903>

**Cost-benefit analysis for non-economists January 24<sup>th</sup> 2020:** Ideal for government analysts (outside economics) and policy and finance professionals who are involved in preparing and reviewing business cases and impact assessments. The course will give participants the skills to critique CBA analysis quickly and effectively, and participate confidently in discussions on CBA. For booking: <https://www.eventbrite.co.uk/e/cost-benefit-analysis-for-non-economists-tickets-74888913757>

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