WHO IS AN ECONOMIST?

(Open Economics, Uganda)

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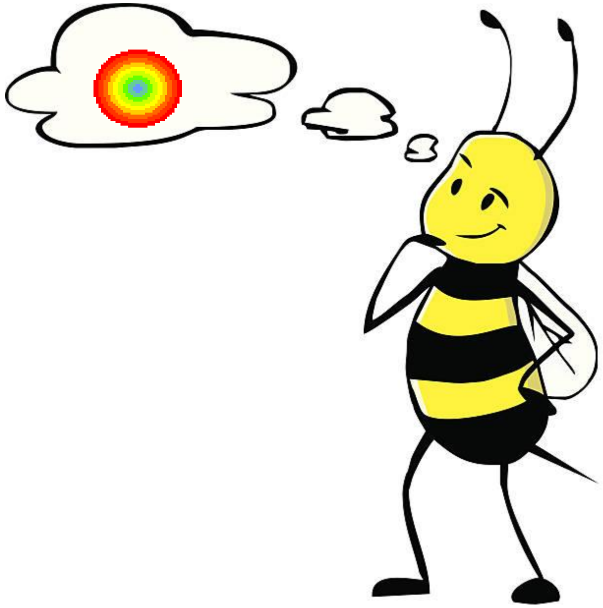
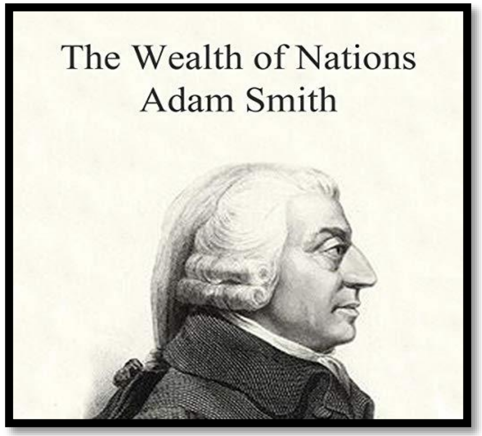
Kampala, 25th March 2020

Who is an economist?



Lets learn from founding fathers

Founding fathers

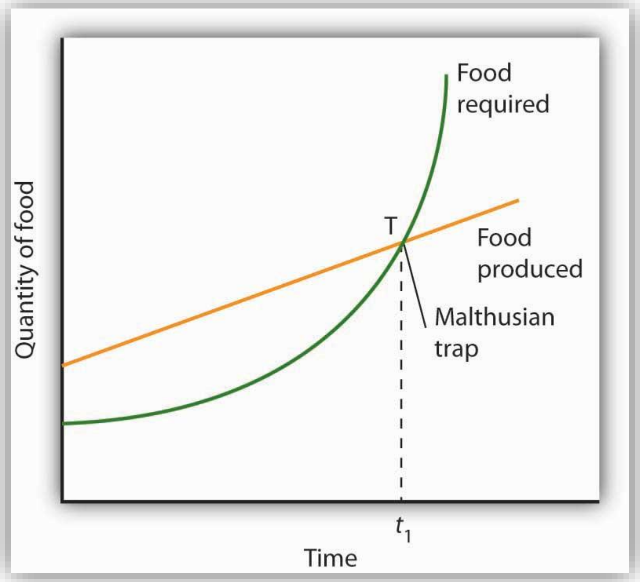


Adam Smith: His economic theory is the idea that markets tend to work best when the government leaves them alone. **(Gov't distortions)**

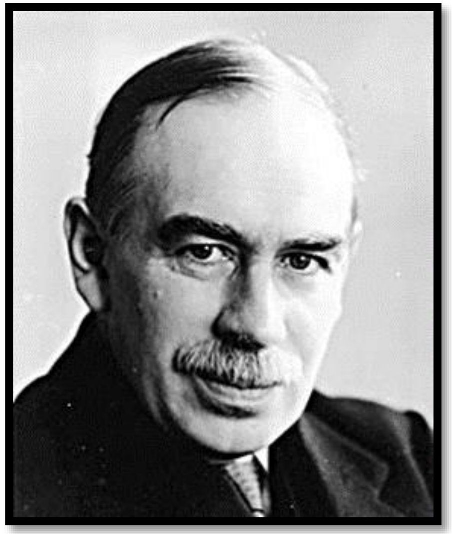
believed that competition was self-regulating and governments should take no part in business through tariffs, taxes, or other means unless it was to protect free market competition. Notion of the **"invisible hand,"** in creating social and economic stability and prosperity for all.

Thomas Malthus: Malthus predicted that growing populations would outstrip the food supply.

He was proven wrong, however, as he didn't foresee technological innovations that would allow production to keep pace with a growing population. Nonetheless, **his work shifted the focus of economics to the scarcity of things, rather than the demand for them.**



Founding fathers



<u>**John Maynard Keynes? (1882-1946):**</u> was an early 20th-century British economist, known as the **father of Keynesian economics**. His theories of Keynesian economics addressed, the causes of long-term unemployment. Paper - "The General Theory of Employment, Interest and Money,".

If an economy's investment exceeds its savings, it will cause inflation. Conversely, if an economy's saving is higher than its investment, it will cause a recession. This was the basis of Keynes belief that an <u>increase in spending would, in fact, decrease unemployment and help economic recovery</u>.

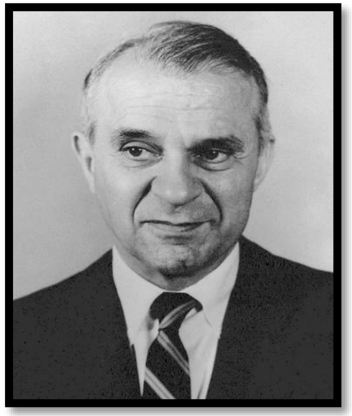
<u>**Keynesian Economists**</u>

- it's actually demand that drives production and not supply. In Keynes time, the opposite was believed to be true.

<u>**Jean-Baptiste Say:**</u> The famous "*Say's Law*". <u>**supply creates its own demand;**</u> changes in aggregate demand have no effect on real gross domestic product or employment, only on the price level.

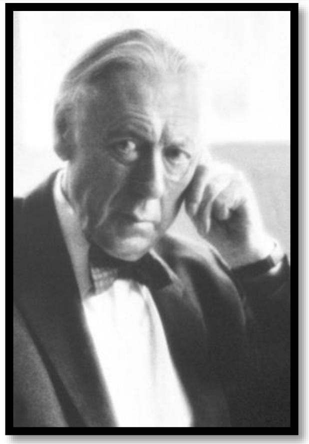
He claimed that the production of a product creates demand for another product by providing something of value which can be exchanged for that other product.

Founding fathers

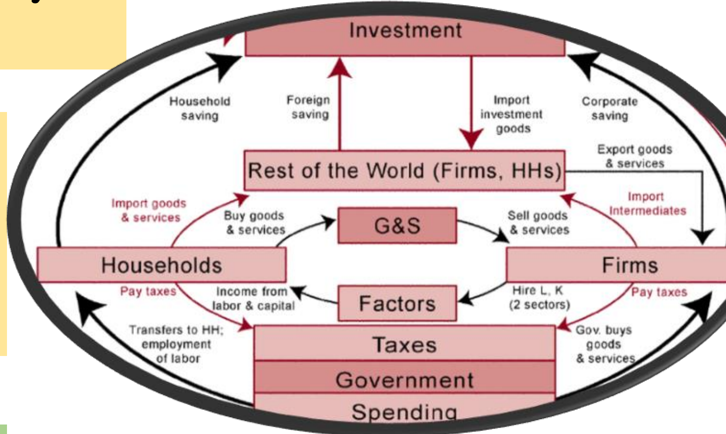


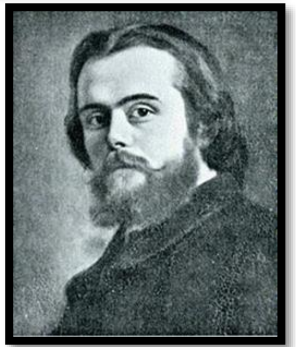
Wassily Leontief: Soviet-American economist known for his research on input–output analysis and how changes in one economic sector may affect other sectors. Leontief won the **Nobel Memorial Prize in Economic Sciences in 1973**, and four of his doctoral students have also been awarded the prize.

When the economic forecast for the post World-War-II was made by the Planning Committee of U.S. War Production Board, the **Input-Output Analysis showed higher degree of accuracy than other analysis techniques.**



Sir Richard Stone: developed the **first SAM in 1962**. Following in the footsteps of **Sir Richard Stone, Graham Pyatt and Erik Thorbecke** played a significant role in the development and popularization of the Social Accounting Matrix (SAM).





Marie-Esprit-Léon Walras: Walras's law implies that **if there are n markets and n – 1 of these are in equilibrium, then the last market must also be in equilibrium,** a property which is essential in the proof of the existence of equilibrium. – Thus, CGE & DSGE Models.

Founding fathers

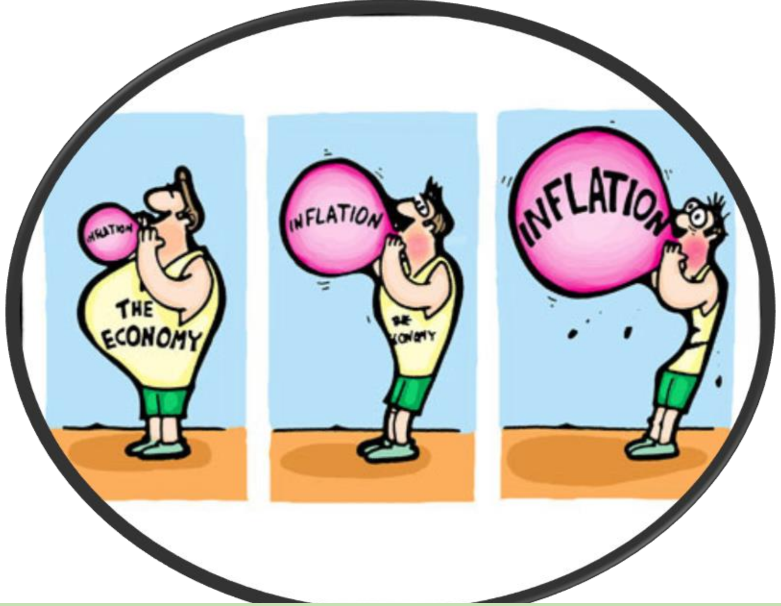
W. Arthur Lewis: The **dual-sector model** is a model in development economics. **He explains the growth of a developing economy in terms of a labour transition between two sectors, the capitalist sector and the subsistence sector.** His article entitled "Economic Development with Unlimited Supplies of Labor" written in 1954,

Joseph Stiglitz: Stiglitz made early contributions to **a theory of public finance stating that an optimal supply of local public goods can be funded entirely through capture of the land rents generated by those goods.**

1. Stiglitz Rivalry for public goods takes place geographically, so competition for access to any beneficial public good will increase land values by at least as much as its outlay cost. shows that a single tax on rents is necessary to provide the optimal supply of local public investment. Stiglitz also shows how the theorem could be used to find the optimal size of a city or firm.

2. Stiglitz's most famous research was on screening, a technique used by one economic agent to extract otherwise private information from another. It was for this contribution to the theory of information asymmetry that he shared the **Nobel Memorial Prize in Economics[2] in 2001 "for laying the foundations for the theory of markets with asymmetric information". Incomplete information prevents markets from achieving social efficiency**

Case for Uganda



<u>Governor Prof. Emmanuel Tumusiime-Mutebile:</u> he spearheaded the design and implementation of the <u>Economic Reform Program</u> that restored Uganda from the economic crises of the 1970s and 1980s to sound economic performance during his service as the Permanent Secretary/Secretary to the Treasury in the ministry responsible for finance, planning, and economic development.

- Inflation – from about 200% to single digit and now below 5%
- GDP – from -.3.3% to positive GDP some times double digit
- Reserves – From nothing to now 5.2 months of imports of goods & services
- Lending interest rates – from as high as 40% to below 20%.
- Exchange rates – liberalised to follow market forces (snake in a tunnel)

Who is an economist?

ECONOMIC PROBLEM

Who is an economist?

1. An economist is someone who studies the reasoning behind decisions people make and is interested in using data to boost profits, create better public policy or conduct research.

2. **"It all comes back to decision making,"** "<u>Economists want to understand why things are happening and why people are making the decisions they do</u>." Then collect data to replicate society's decisions using economic models and then use this information to predict the behaviour of the society and how economic policy can be used to adjust human behaviour to achieve the pre-determined outcomes like poverty reduction, increase productivity, saving etc.

3. Types of Economists: Macro-economists, Micro-economists, Public Finance Economists, Labour Economists, International economists, Financial economists, Econometricians, Environmental economists, Health Economists etc.

<u>Example 1: Macroeconomist</u>

<u>BIRD IN HAND:</u> Hold loose it fly away. Hold too tight it dies. So you need to balance to keep the bird with you and alive. **OPTIMISATION.**

ECONOMISTS SHOULD GET THEIR HANDS DIRTY WITH DATA ANALYSIS – SOME MODELLING

What do economists do?

1. Researching economic issues i.e. likely impact of COVID-19. IGC paper ""Estimating Income Losses and Consequences of the COVID-19 Crisis in Uganda"
2. Collecting and analysing data & building databases– UNHS, compiling macro datasets etc. I participated in building the 2016/17 SAM
3. Presenting research results – like policy briefs
4. Interpreting and forecasting market and macro trends – NDP III Macroeconomic Framework
5. Advising businesses, governments and individuals on economic topics
6. Recommending solutions to economic problems. Design policies or make recommendations for solving economic problems

Depending on the topic under study, economists devise methods and procedures for obtaining the data they need. For example, sampling techniques may be used to conduct a survey, and econometric modeling techniques may be used to develop forecasts. Preparing reports usually is an important part of the economist's job.


ECONOMICS
REVENUE
FINANCES
INFLATION
LEASING
LAW
GDP
LOAN
CURRENCY
VALORIZATION
GROSS DOMESTIC PRODUCT
EXPENDITURE WORLD ECONOMY
MACROECONOMICS MODEL
DEAL
CALCULATION
DUMPING
ANALYST
DEVALUATION DEPOSIT
CURRENCY
WORLD
BUDGET
CAPM
REVENUE
DEAL
MONEY
LEASING
CLEARING
DEBIT
CLOSING
FINANCING
LIQUIDITY
DEFAULT
CURRENCY
ECONOMY
QUOTE CALCULATING
INFLATION
ANALYST
ECONOMIC
PROFIT
BUDGET
CHECK
LEASING
CURRENCY
ACCOUNT
MICROECONOMICS
EXPENDITURE
PROFIT
SCIENCE
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