

# Evaluation of the ESRC Centre for Economic Learning and Social Evolution (Else)

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## Executive summary

The Centre for Economic Learning and Social Evaluation (ELSE) existed from 1995 to 2010 and was established as an interdisciplinary research Centre based at University College, London (UCL). The Centre was devoted to the study of those areas of human behaviour where economics, psychology and other disciplines (eg mathematics) shared an overlap of common interests. It represented a major investment by the ESRC on what was seen as key research topics or areas. The Centre received core funding to the tune of some £7.5 million over the relevant years. It had 3 directors over the period: Professor Ken Binmore (founding Director and economist) 1995-2002; Professor Tilman Borgers (economist) 2002-2005; Professor Mark Armstrong (economist) 2005-10. For the first 10 years of its existence the Centre auction theory and mechanism design were key topics of research reflecting the interests of Professors Binmore and Borgers. The research programme was however wider than this and was organised under 5 research divisions:

- Evolutionary Approaches to Games and Society (Ken Binmore)
- Learning Approaches to Games and Society (Tilman Borgers)
- Mechanism Design (Phillippe Jehiel)
- Automated Trading and Negotiation (Richard Vaughan)
- Industrial Organisation and Innovation (David Ulph).

For the last 5 year period the three main themes of research were Industrial Organisation, Individual Decision Making and Interactive Decision Making. This was an agreed change of focus.

This evaluation involves four key parts. The first is an appraisal of the ESRC supplied ELSE reports and documents from the period which are employed throughout this report. The second part comprises interviews with insiders to ELSE as members of the Centre, including the most recent Director, Professor Mark Armstrong and founding Director, Professor Ken Binmore (see section 6). Questionnaires completed by ELSE members (who were not interviewed) and Post-Doctoral Fellows are also reported. Interviews were also conducted with those related to ELSE in an advisory capacity forming a third part of the evaluation exercise. These were members of the advisory board and the Chair of the Troika meetings, Professor Chris Orme (see section 6 (vii)). Finally the fourth part covers referees reports of selected ELSE publications and two case studies (see section 6 (v)). The major output of the Centre was viewed as the change in quantity, quality and nature of the research undertaken by ELSE members that can be attributed to the concentration of research funds in a Research Centre. The Centre attracted very high quality participants and clearly they would have carried out very highly rated research independent of the Centre's existence.

Focussing on the last 5 years of funding the Centre produced some 363 published articles in refereed journals listed (46 more forthcoming); 63 book chapters (12 more forthcoming); 20 books (1 more forthcoming) and 9 policy reports. This indicates very considerable research activity.

The referees and others who offered comments were unanimous in the opinion that the Centre had a top quality group of academics concentrating on fundamental research.

During the period of core funding the members built up connections with policy actors which formed part of the remit of the Centre. Its involvement with the spectacularly successful auction of 3G spectrum was its highpoint in terms of public impact. However there were other notable successes with work on pricing frames that helped the OFT and financial services that was relevant to the FSA. One theme of concern was that much of the research work undertaken in the Centre lacked a direct policy impact. However policy makers interviewed indicated that academic work alone could not be expected to decide policy but rather inform and influence policy insiders and affect policy in this more indirect way.

All members of the Centre contacted saw the Centre as a success and in effect established ELSE at UCL as a 'world brand'. This facilitated the attraction of high quality staff and academic visitors. In the ELSE seminar series in 2005-6, 2006-7, 2007-8, 2008-9, 2009-10 there were 28, 21, 18, 29 and 24 international speakers from very well respected academic institutions around the world.

The Advisory Board and Troika meetings helped in guiding and publicising the Centre's work. An area of doubt remains about the members of the Centre's willingness and ability to produce truly interdisciplinary research. It may be that paradigm shifts cannot be planned and only arise spontaneously. It was evident that some members of the Centre were more able to collaborate across interdisciplinary boundaries than others. Most felt an 'ELSE building' would have made a contribution to fostering and facilitating interdisciplinarity (see section 6 (viii)).

With some notable exceptions the main collaborations that did take place were between economists and psychologists. It was evident that the Centre was peopled by dedicated hard working academics that were very productive. Whilst not all the outputs reflected the ESRC's original desires there is little doubt that the investment of research funds in this way had a significant payoff. In this respect it is noteworthy that in addition to the core funding the Centre secured a great deal of co-funding. Indeed the £3,084,239 core funding for 2005-10 was expanded to the extent of £15 million of co-funding which is clearly a formidable achievement.

It was evident that a good deal of disappointment was felt by the manner in which the Centre was refused further core-funding by the ESRC beyond 2010. It was claimed that the decision was based on a single referee's report from someone not sympathetic to experimental/behavioural economics. Whilst the question of whether the Centre had run its course or not may be moot its winding up clearly could have been handled better.