

NEW ZEALAND ASSOCIATION OF ECONOMISTS (INC.)
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A *Syymmetric* information

**A newsletter to promote the exchange of information,
news and ideas among members of the
New Zealand Association of Economists (Inc).**

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NZAE Conference 2005 – details pages 4 and 5

NZAE Conference 2006 – mark your calendars
Wellington, June 28-30 2006

Principles and Policy

EDITORIAL

This issue of *AI* looks at policy debate and underlying principles. If, for the satisfactory functioning of a democracy, institutions and people in authority have circumscribed roles, then we may be able to assess their performance in relation to those roles. This applies to Ministers, public servants, academics and others. Sometimes people (or governments) set their own boundaries, thereby raising issues for debate.

The examples in this issue, naturally, are those most readily to hand. Other people may concentrate on different policy issues and/or take other perspectives. *AI* would welcome their contributions. Failing that, we are left with the existing idiosyncratic and iconoclastic pot pourri.

In any event, we hope that the points are of general relevance. Even in scholarly research, individual examples are sometimes significant. Hence a hypothesis may be disproved with one counter-example. Sometimes the number of events is small, in which case each may have important implications and should not be lightly dismissed.

It is also sometimes thought that research is a process of trying to answer questions. This is only half-true. Equally important, and possibly more politically significant, is the determination of the questions which are to be asked, and a piece of research may require numerous questions. Are we asking the right questions?

by Stuart Birks and Gary Buurman, Massey University

We invite members to submit a brief article on any issue of interest to NZAE members, and/or comments and suggestions. Enquiries and contributed articles should be sent to Stuart Birks and Gary Buurman [K.S.Birks@massey.ac.nz]. Views and opinions expressed in these articles are those of the authors, and do not represent the views of the New Zealand Association of Economists.

Past Issues of Asymmetric Information...

*All past issues are now available for downloading
(or for citing in scholarly publications)*
FREE OF CHARGE
From:
<http://www.nzae.org.nz/newsletters/>

Treasury Working Papers

The latest working papers are listed at:
<http://www.treasury.govt.nz/workingpapers/2004/>

The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel 2004

was shared by Finn E. Kydland and Edward C. Prescott

For details, see:

<http://nobelprize.org/economics/laureates/2004/>

A note on pay equity

"Violinists in a German orchestra are suing for a pay rise on the grounds that they play many more notes per concert than their colleagues."

("Violinists' fury at 'pay fiddle'", 24 March 2004,
<http://news.bbc.co.uk/2/hi/entertainment/3564071.stm>)

Econ Journal Watch

<http://www.econjournalwatch.org/>

“EJW is a triannual peer-reviewed journal for scholarly commentary on academic economics.”

Economists Falsifying Their Preferences – Surely Not! by Stuart Birks

William L Davis, writing in *Econ Journal Watch*, reports: “*a majority of AEA economists who responded to a survey I conducted admit, at least privately, that academic research mainly benefits academic researchers who use it to advance their own careers and the journal articles have very little impact on our understanding of the real world and the practice of public policy.*”¹

I am becoming increasingly cynical about much in the area of credentials and careers. Not only is there the screening hypothesis, but also there appears to be increasing scope for strategic behaviour aimed at “looking good on paper”. The need for transparent and defensible appointment and promotion procedures may thereby result in perverse outcomes as committees endeavour to protect themselves from complaints. The Davis article has served to reinforce that view.

He quotes Klamer and Colander on their interviews with economics graduate students: “*There was a strong sense that economics was a game and that hard work in devising relevant models that demonstrated a deep understanding of institutions would have a lower payoff than devising models that were analytically neat, the façade, not the depth of knowledge, was important.*” (pp.360-1)

Then, what of preference falsification? Davis draws on Timur Kuran’s theory as to “*why some government policies and social practices go on for such a long time and then suddenly and dramatically change*”.² This may be because people “*often falsify their preferences about the matter out of a desire to maintain acceptance and respect*”.³

Of 373 responses to Davis’s survey, a majority believed that publication in an economics journal is less likely for research without a mathematical component, and that school affiliation and author recognition are also determining factors. In other words, value to society is not a driving factor.

The implications are quite significant. Quoting Kuran (p.114), “*Preference falsification can distort knowledge through the removal of facts and arguments from public discourse that imparts credibility to myths by shielding them from corrective disclosures*”.

To my mind, a society that often refers to “political correctness” is one in which people do not feel free to openly express their views. So where does New Zealand stand, given, “*Kuran observes that subtle signs of preference falsification were obvious in each country that perpetuated a popular public opinion at the expense of differing private opinion*”. (Davis, p.365)

¹ Davis W L (2004) “Character Issues: Preference Falsification in the Economics Profession”, *Econ Journal Watch*, 1(2), August, pp.339-368,

<http://www.econjournalwatch.org/pdf/DavisCharacterIssuesAugust2004.pdf>

² Kuran T (1995) *Private Truths, Public Lies: The Social Consequences of Preference Falsification*, Cambridge, MA: Harvard UP

³ Not to mention confirmation bias (<http://skepdic.com/confirmbias.html>), selective thinking (<http://skepdic.com/selectiv.html>), and communal reinforcement (<http://skepdic.com/comreinf.html>), or Goleman’s shared schemas: “... shared schemas guide group dynamics ... the social construction of reality. Shared schemas are at work in the social realm, creating a consensual reality. This social reality is pocked with zones of tacitly denied information. The ease with which such social blind spots arise is due to the structure of the individual mind. Their social cost is shared illusions.” (p.23 of Goleman D (1997) *Vital Lies, Simple Truths: The Psychology of Self-Deception*, London: Bloomsbury)

**NEW ZEALAND ASSOCIATION OF ECONOMISTS
ANNUAL CONFERENCE 2005**
Wednesday 29th, Thursday 30th June & Friday 1st July 2005

ANNOUNCEMENT & CALL FOR PAPERS

Venue: Holiday Inn on Avon Hotel
www.christchurch.holiday-inn.com
356 Oxford Terrace, CHRISTCHURCH

Keynote Speakers: Professor Peter Phillips (Yale University and University of Auckland)
Professor John McMillan (Stanford University)
Professor Caroline Hoxby (Harvard University)
Professor Stephen Cecchetti (Brandeis University)

Themed Sessions: Details to be confirmed

- * Theoretical and applied papers in all fields of economics are invited. The organisers also welcome offers to put together sessions on suitable topics. Questions or suggestions about the conference should go to the convenor, Professor Paul Dalziel, at dalzielp@lincoln.ac.nz.
- * An initial outline of the conference programme will be available on the NZAE website prior to Christmas. A more detailed timetable for conference activities will be posted on the website and forwarded to NZAE members and those registered for the conference in mid-May 2005.
- * Procedures for the Submission of Abstracts, Procedures for Submitting Quality Assured Papers, the Registration Form, and details of the Jan Whitwell Prize are available from the Secretary-Manager, or on the NZAE website prior to Christmas.

Key Dates:	4 th April 2005	Submission of Paper Abstracts , including for 'Jan Whitwell' entries – which must be marked accordingly.
	4 th April 2005	Voluntary submission of Full Papers to be refereed as a 'Quality Assured' conference paper.
	6 th May 2005	Advice as to acceptance of Abstracts for presentation.
	6 th May 2005	Advice as to acceptance of Full Papers submitted by 4 April as 'Quality Assured' conference papers.
	20 th May 2005	Early Bird Rate Conference Registrations close (Includes presenters of papers and 'JW' presenters).
	10 th June 2005	Registration by all Presenters and Submission of all other Full Papers (registration must be paid by this date, including 'JW' entries, for inclusion in the programme).
	20 th June 2005	All other Conference Rate Registrations close.

These key dates will be strictly adhered to. If the full paper is not received by 10th June, or if no registration has been received by 10th June, the paper will not be included in the programme.

Presented papers will be published on the NZAE website 7 days after the conference.

Val Browning – Secretary-Manager

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**NEW ZEALAND ASSOCIATION OF ECONOMISTS
ANNUAL CONFERENCE 2005**
Wednesday 29th, Thursday 30th June & Friday 1st July 2005

QUALITY ASSURED PAPERS

The New Zealand Association of Economists has announced its annual conference for 2005 will be held at the Holiday Inn on Avon Hotel, Christchurch, on 29 June, 30 June and 1 July 2005. The NZAE has issued a call for papers, with abstracts to be submitted by **4 April 2005**.

Recent policy changes by the New Zealand Tertiary Education Commission mean that some presenters may wish to have their conference paper ‘quality assured’. This involves a peer review to confirm that the paper contains research as defined by the Tertiary Education Commission and that the paper is of good quality by the normal standards of the economics profession.

The NZAE has therefore decided to offer a new service for the 2005 conference, which will allow presenters to submit their full paper to be refereed as a ‘quality assured’ conference paper. There is no extra fee for this service, but the following dates will be strictly adhered to.

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	20th June 2005	All other Conference Rate Registrations close.

Papers that have been accepted as quality assured will be given preference by the organisers when finalising the conference timetable. In particular, quality assured papers will be given a longer time for presentation with formal discussants and fewer parallel sessions.

Papers not accepted as quality assured will still be eligible for presentation at the conference. Note also that it remains a requirement for all full papers to be submitted to the organisers (with a registration fee paid) by 10th June in order to be included in the final conference programme. All presented papers will be published on the NZAE website 7 days after the conference.

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It's OK to mislead - official

According to both Rodney Hide and Don Brash, Helen Clark has said that it is unacceptable for Ministers to mislead. They asserted this in radio interviews about the John Tamihere case this October. They are both wrong. Helen Clark indicated the standard she expected in relation to Leanne Dalziel in February this year. As reported in the *Christchurch Press* of 21 February, “*Clark announced that Dalziel's statements this week had crossed what she described as a clear line between being misleading and being untrue.*”

Yet More Double Standards by Stuart Birks

The Press of 15 December 1999 had a headline, "Women work harder, survey finds". On the same day, the *Dominion* claimed, "Women's work takes twice as long". However, the Statistics New Zealand press release of 14 December 1999, on which these stories were based, stated that, "Men average two hours more paid work per day than women, while women spend two hours more per day doing unpaid work".¹ In other words, evidence that men do less unpaid work than women is presented with the assertion that women bear an unfair burden, and men are not doing enough.

More recently, the *Manawatu Standard* of 29 September 2004 had a headline, “Men still better off”. It referred to men’s average earnings being higher than women’s. This is in large part due to women not doing as much paid work as men.²

It seems also that, when describing unpaid work, the focus is on the effort involved, while ignoring the rewards. When describing paid work, the focus is on the rewards, while ignoring the effort.

There is an added implicit and generally unrealistic assumption that unpaid work is for others, whereas the rewards of paid work benefit the earner alone. This could hardly be described as impartial or, in the context of such reporting, a gender-balanced assessment.

It gets worse, however. This distorted perception is also central to policy formulation and implementation. As described elsewhere in this issue of *AI*, there is a major policy initiative to eliminate differences in outcome in the workplace. This is on the basis that they demonstrate disadvantage for, and discrimination against women.

Compare this to the approach to unpaid work in terms of caring for children when parents live apart. At the time of the debate on the Shared Parenting Bill, Laila Harre was Minister of Youth Affairs and Minister of Women’s Affairs. Here is an extract from her speech on 10 May 2000, at the first (and only) reading of the Bill:

*“I have to say that if there is a desire to have the primary care-giving tasks, which is what this bill is about, equally distributed after a separation, then the work to share parenting must begin a long time before a separation... if we want to share parenting when it all busts up, we have to make a lot more effort to share parenting much earlier in the relationship.”*³

Imagine a Minister saying that, if women want to eliminate the gender pay gap, they should be prepared to commit themselves to full time work and careers, rather than asking for changes in legislation and policy.

¹

<http://www.stats.govt.nz/domino/external/pasfull/pasfull.nsf/web/Media+Release+Time+Use+Survey+1999?open>

² All but 1.1 percent of the gender pay gap was “explained” in the model in Gosse M and Ganesh S (2004) “The Gender Pay Gap and the Importance of Job Size: evidence from the New Zealand Public Service”, *New Zealand Economic Papers*, 38(1), pp.101-118. Their paper included the perverse observation, “*The finding that female employees tend to receive earnings premia from job size [i.e. seniority] suggests that a partial compensatory mechanism may already be attempting to adjust for potentially biased job sizing methods*”. (pp.116-7) Evidence that women are favoured is interpreted as demonstrating bias against women!

³ http://rangi.knowledge-basket.co.nz/hansard/han/text/2000/05/10_054.html

Teaching about democracy (SB)

A programme, “Sheilas 28 years on”, was broadcast on TV1 on 4 September 2004. There is an associated study guide for use in schools.⁴ It includes the following on p.9:

“Social action now

Ask the students as a class to make a list of all the methods of creating social change that they can think of... These include and are not limited to:

- Petitions and referenda
- Protest marches and hikoi
- Sit-ins
- Starting action and/or consciousness raising groups
- Going door to door
- Mass media activity: Press releases; Contacting television and radio news; Starting web sites, web logs, mailing lists and newsgroups; Making and distributing flyers and posters; Publishing books”

Remarkably, there is no mention of such normal democratic channels as voting, approaching your MP, making a submission to a select committee, or joining a political party. Nor is it suggested that they might need to learn about the issues, debate with others and find their views, or identify and weigh up possible policy options. There is not even the idea that students could learn from history, although, to quote George Santayana, “Those who cannot learn from history are doomed to repeat it.” Should our children be taught in school that participating in a democracy is a matter of demonstrating, protesting and “consciousness raising”, with no requirement to become informed first?

⁴ Collie L and Marquat S (2004) *Sheilas 28 years on*, Studyguide
http://images.tvnz.co.nz/tvnz_images/tvone/study_guides/sheilas.pdf

A sensible approach to inflation (SB)

On 17 August the Reserve Bank made public its Statement of Intent for 1 July 2004 to 30 June 2007.¹ It includes a statement of priorities for the Bank’s Economics Department:

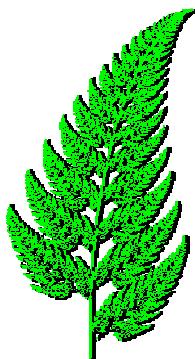
“The Department sees the core strategic goal for monetary policy as being the development of a monetary policy that makes the best possible contribution to New Zealand’s welfare. To that end, the inflation target appears to be the best of the various options available, having successfully reduced inflation and inflation expectations at a time when most other macroeconomic variables, though not the exchange rate, have also stabilised.

Since the Reserve Bank began inflation targeting in the mid-1980s, its approach has steadily evolved. In recent years, the Reserve Bank’s PTAs have been amended to put more emphasis on making sure that the way price stability is achieved and retained does not transfer instability into other variables, such as output, interest rates or the exchange rate.” (p.11)

This is an improvement on some textbook approaches, which describe numerous “costs of inflation”, many of which can be accommodated by the market, or by government (as with indexing income tax scales to overcome fiscal drag). Others, “Shoe-leather” and “menu” costs for example, seem hardly plausible, given current technology, stock turnover and the number of individual price movements for non-inflation reasons. The anticipated versus unanticipated inflation distinction can be helpful, with the latter being potentially more harmful, but that simply acknowledges that uncertainty can be costly. As the Reserve Bank recognises, it is not helpful to reduce uncertainty about inflation if it increases uncertainty in other areas.

Of course, we might also be willing to accept more uncertainty if it is accompanied by higher demand. It is better to be in a boom of uncertain magnitude than to be certain about the depth of a recession. It seems, however, that we can currently have the best of both worlds.

¹ <http://www.rbnz.govt.nz/about/whowear/soi2004.pdf>



N Z A E

"Life Membership Procedural Requirements"

Any member or retired member who has made a significant contribution toward the development of the Association and the economics profession in New Zealand may be nominated for life membership of the Association in the following manner:

- [a] Nominations are to be forwarded to the Council. Such nominations are to be signed by two financial members of the Association with a brief profile of the nominee's achievements/service/career, as appropriate, for consideration by the Council.
- [b] All such nominations will be considered by the Council which, at its sole discretion, may place suitable nominations before those attending the Annual General Meeting for confirmation by that meeting. If present at the Annual General Meeting, the proposer(s) and/or seconder(s) of the original nomination(s) shall be given the opportunity to speak on behalf of their nominee(s).
- [c] All Life Members must be elected at a general meeting of the Association.
- [d] Life Members shall be provided with an appropriate certificate signifying their Life membership status and shall be entitled to attend the Association's Annual Conference free of charge. A citation shall be published in the *New Zealand Economic Papers*.

Send nominations to:

Secretary-Manager
N.Z. Association Economists Inc.
P O Box 568
WELLINGTON

or

Email to: economists@nzae.org.nz

From the 2BRED File

by Grant M. Scobie (grant.scobie@treasury.govt.nz)

One cannot read a daily paper without seeing something about migration and immigrants. Politicians of every stripe have views, housing prices seem to track net migration ever more closely, and no one seems sure if more migration will or will not hinder our quest for growth (does anyone out there remember the “top half of the OECD”?). The nineteenth century saw remarkable migration to New Zealand. It reflected both demand and supply side effects. There were incentives and schemes of various sorts (not all as savoury as they might have been) and conditions in Britain, the main source country were far from salubrious for the lower working classes. As a first generation colonial I have recently made some effort to trace my father’s family – they were from the Gorbals, a notorious slum of Glasgow. Early Dunedin must have seemed a paradise on earth to the poor souls that survived the voyage. So for a comprehensive look at life in Britain and the role of emigration to New Zealand I found the book by **Tony Simpson** a most interesting and readable account: ***The Immigrants: The Great Migration from Britain to New Zealand, 1830-1890*** (Auckland: Godwit, 1997).

Robert Lacey and **Danny Danziger** give us some further insights in what life was like for the English at the turn of the first millennium in their ***The Year 1000*** (London: Abacus, 2003). This has to be popular, accessible social history at its readable best. The laws, the rulers, the church, the trade, and the social customs are all there in a breezy style that conveys insights without the excessive trappings of historical scholarship.

Back to economic growth – a bit of econospeak that apparently has failed to capture the popular imagination (“a wounded proposition” in the words of the guiding mothers and fathers on the Growth and Innovation Advisory Board). Nevertheless it still gets air time amongst the economists. And it seems that most agree that, should we really want more of it, then institutions matter – what are the rules of the game, how are they set, who gets to modify them, who watches over them? Anyway, a couple of books passed my way that have some bearing on the question. The first is a little piece by one of the world’s most prolific scholars, **Richard Epstein**. By taking competition and cartels as his theme he analyses agricultural markets and labour markets – and with blinding simplicity reminds us that there are real gains from reaching the right policy decisions (no pun intended). His ***Free Markets under Siege*** (NZ Business Roundtable and the Institute of Public Affairs, 2004) is a treat to read as Epstein underscores the importance of the freedom to contract and the role of competition as basic principles for the design of institutions, without which we run the risk of forfeiting substantial economic gains.

The second is a truly sweeping piece, but characteristic of the visionary style of **Francis Fukuyama**. Here he looks in detail at the institutions of the state – what makes “stateness” – and dissects the “black hole” of public administration. Why do states fail? What can be done about building a state? What lessons from one state might be transferable to another? Clearly the world has much to learn about installing western democracy in Cote d’Ivoire, Zimbabwe, Myanmar, Papua New Guinea or a dozen other failed states. Reading ***State Building: Governance and World Order in the 21st Century*** (Ithaca, NY: Cornell University Press, 2004) left your columnist in no doubt about both the importance and the difficulty of these matters.

And now for a fun dessert, but one not lacking in some historical significance for Latin America. It has always struck me how little we really know of that enormous and complex continent, its people, places, literature and history. “Che” Guevara was an Argentinean medical doctor born in the province of Rosario. His first name was Ernesto – Che is a generic term used only in Argentina, but often applied to Argentineans by other Latinos. Its closest translation would be the Australian “mate”. So *Que tal Che?* or *Que hubo Che?* would be a greeting to a friend or a family member which would translate roughly into Giddayowyago inmate or rite?, as favoured by our trans-Tasman cousins. The name of Che Guevara is immortalised by the Cuban revolution where he was a close associate of Castro

and a cabinet minister in the revolutionary government after the overthrow of Bautista. There is an impressive memorial to him in the central Cuban town of Santa Clara - well worth a visit if you are in the area. But I digress. As a young man Che and a friend made a motorcycle journey effectively the length of South America, a trip that undoubtedly helped to shape the political views of the young Che. So if you have seen the film recently but not read the book, have a word to Mr or Mrs Claus and see if this one shows up in the stocking ***Ernesto Che Guevara: The Motorcycle Diaries: Notes on a Latin American Journey*** (Melbourne: Ocean Press, 2003).

2BRED wishes you the compliments of the season and may your bedside tables groan with more reading than you will ever complete.

Pay Equity and Equal Employment Opportunities by Stuart Birks

This year has seen the publication of two major documents on pay equity and employment opportunities. March saw the *Report of the Taskforce on: Pay and Employment Equity in the Public Service and the Public Health and Public Education Sectors* (the Taskforce report).¹ The Human Rights Commission released a report in June 2004, *Framework for the Future: Equal Employment Opportunities in New Zealand* (the HRC report).²

The latter is more general in its coverage. It is worth noting the important role envisaged for legislation in the recommendations for major policy change. In particular, rather than simply legislating against negative behaviour, the suggestion is for positive duties to be placed on all employers, with penalties for failure to comply. The public sector is proposed as a testing ground for such policies, indicating the significance of the Taskforce report.

The HRC Report

While the title of the HRC report suggests an objective specified in terms of opportunities, the document actually focuses on outcomes. Hence: "...more effort will need to be made in the future to ensure that women, Maori, and Pacific peoples are well represented across all industries and occupational groupings." (p.19) and:

"Of the four EEO target groups, women have achieved the most progress in their relative position in the New Zealand labour force. Yet, this progress has been quite limited, and equality with men in participation rates, pay, and seniority across occupational classes is a far-off goal." (p.61)

Success for women is to be measured in terms of their being widely distributed across all industries and occupational groups, and displaying equality with men in terms of pay, participation and seniority. This can only reflect equity and equal opportunities in the unlikely situation where there is a close match in the preferences and abilities of men and women. Nevertheless, equality of outcome for men and women has already been given as an objective by members of the current government.³

The report contains little supporting evidence, and makes numerous assertions. Criteria for promotion which may, on average, suit women less than men, are considered to be discriminatory. There is talk of "competitive, male-dominated cultures".

If the Human Rights Commission and/or the government are uncomfortable with competition in the labour market, then perhaps these matters merit a wider airing. What are the HRC's concerns, and what alternative job selection and promotion criteria does it have in mind? In the area of international trade, the government appears to be keen to reduce barriers

¹ Taskforce (2004) *Report of the Taskforce on: Pay and Employment Equity in the Public Service and the Public Health and Public Education Sectors*, Wellington: Department of Labour, March, <http://www.ers.dol.govt.nz/about/TaskforceReport.pdf>

² Mintrom M and True J (2004) *Framework for the Future: Equal Employment Opportunities in New Zealand*, Wellington: Human Rights Commission, June, <http://www.hrc.co.nz/index.php?p=44860>

³ See "Social engineering and equality of outcomes", AI No.19, p.11. This also conflicts with the Department of Labour Worklifebalance Project: "Part-time work (generally by women) was frequently cited as a means of combining work and family life. However there was acknowledgement that for women this could mean having to accept a reduced salary." (p.32 of <http://www.dol.govt.nz/PDFs/wlb-consultation-summary.pdf>)

to competition, as if competition is desirable. Are there grounds for objecting to competition in labour markets?

The failure of the report to present these issues as debating points may be due in part to the motivation of the authors. They advocate a position, rather than presenting balanced assessments: “*We believe that advocates for EEO should be cognisant of the full range of rationales when determining how best to make their arguments for policy change...If presented with [these arguments] only the most ardently conservative people would choose to stand in the way of future EEO initiatives.*” (pp.15-16)

Policy ideas are frequently transplanted from one country to another, not necessarily with careful scrutiny on the way. The report illustrates this when it states:

“*The Australian Federal Equal Opportunity for Women Agency lists five ways in which EEO for women can “boost profitability” supported by statistical and case study evidence...lastly, having EEO policies and programmes in place reduces the risk that companies will be subject to prosecution under human rights antidiscrimination and employment legislation.*” (p.21)

Perhaps this is what is meant by competitive structures being undesirable. They can lower company profitability through incurring the displeasure of, and penalties imposed by, government.

The Taskforce Report

The Taskforce report is narrower in scope than that of the Human Rights Commission, referring only to the public service, public health and public education sectors. However, it is closer to being an active policy document, rather than a basis for discussion, with the HRC report recommending that policies be tested first in the public sector.

Some of the language conveys the impression that economics underpins the reasoning, but aspects fundamental to economists have been overlooked. In the Preface, it says, “*The scale and persistence of the gender pay gap in New Zealand reflects a failure in the ‘market’...*”(p.1)

No conventional explanation is given as to how or why the market fails. We could ask why one should expect there to be no gender pay gap with a correctly functioning market. The report’s use of inverted commas for the word “market” indicates scepticism about the entire pay determination process. As economists, perhaps we should investigate whether the insights that economics can offer are being ignored in the policy making process.

The following three questions can be posed when asking if intervention, or a change in intervention, should be undertaken. The report does not even get past the first:

1) Is there something wrong with the non-intervention/status quo situation?

If no, there are no grounds for intervention. If yes:

2) Are there policy options that can improve on non-intervention?

Note that policies affect the future, not the present, so there has to be an identifiable problem affecting the future, not just the affecting the present.

If there are suitable policies:

3) Will available policies be used to meet these objectives, or for other purposes? (i.e. can decision makers be trusted to use the policies appropriately?)

The Preface includes the following:

“*It is acknowledged that the tight timeframe for the Taskforce made it necessary to use less formal research methodologies than could have been employed in a longer timeframe...[however] Social reform of this nature while supported by research and cost/benefit analysis is rarely driven by such things. Visionary and determined leadership from Government and chief executives is essential.*” (p.1)

In other words, this major policy initiative is not well researched, but it is claimed that, as research is not sufficient on its own, neither is it necessary, and so the policy should be vigorously implemented anyway. Given the radical objective identified above, equal outcomes for men and women, surely the economics surrounding this matter should be carefully researched, and the public consulted. The implications of the objective are highly significant:

“The issue is more than a matter of equal treatment and social justice. Without action, the education and skills of women will be wasted.” (p.1)

To rephrase this, having raised a generation of young women to believe that “girls can do anything”, they are now expected to participate fully in the paid workforce. This may well not match their aspirations or expectations. It may also have a significant effect on family formation and stability, and the work-life experiences of generations of New Zealanders. The use of past and present education as a justification for future workplace policies should be noted. Did people know what they were buying into when they made their education decisions?

Although New Zealand is, at least on the surface, a democracy, the report recognises that this approach involves major changes in attitudes:

“The Terms of Reference set out the following principles to govern the work of the Taskforce:...”

“iii) That the plan of action should be capable of being implemented over five years in order that the necessary changes in practice and culture become embedded in the fabric and culture of New Zealand society.” (p.1)

The report does attempt an explanation as to why a gender pay gap may be the result of distortions in the market:

“The key issue is the lack of equal pay for work of equal value that is done predominantly by women.

There are complex connections between “female” occupations, skill recognition, female stereotyping, and rates of pay. Some of the skills involved in typical women’s occupations:

... are often considered to be simply “natural” attributes of women, rather than being developed through learning, practice and experience. The skills required in interacting well with people (managers, staff or clients) and in other kinds of emotional labour often go unnoticed... complex interpersonal skills, heavy physical effort and responsibility for life and death are requirements of many jobs caring for children, the sick, the elderly. These components are likely to be undervalued in women’s pay packets.” (p.28)

Economists should have a problem with this explanation. The price that a buyer is prepared to pay for a service reflects the value of the service to the buyer. The same sum would be paid to either of two people, one of whom had a natural ability and the other who needed hours of practice. Perhaps a stronger point is being argued. Is it being suggested that women collectively are not being paid for a range of skills that they uniquely possess? If so, the existence of such skills is debatable. If they do exist, then their zero price in association with a positive marginal value cannot simply be asserted. Why does the market fail to recognise these skills which give value and are in scarce supply?

This illustrates the significance of my third question above: “will available policies be used to meet these objectives, or for other purposes?” Market failure may be used as a partial justification for intervention, but that does not equate to the language of market failure being sufficient to support intervention when no market failure has been demonstrated.

Table 1 on p.23 of the Taskforce report gives average hourly earnings by age group, from the June 2003 quarter Income Survey. It is notable that, for the 25-29 age group, women’s pay was, on average, 3.1% higher than men’s. It has to be asked whether the gender pay gap, as observed overall, is a result of individuals’ historical education and workforce decisions, and the aggregation of quite different age cohorts. As policies affect the future, not the present, and, even without intervention, changes can be expected, is the current gender pay gap a suitable indicator on which to base policy decisions? In pursuit of an outcome measured by an overall indicator, might perverse inequities result for specific sub-groups? In particular, are we likely to be unduly favouring those young women who are committed to a career, and might we be penalising young men in the process?

Labour's Boys' Club [SB]

On 10 November the *Manawatu Standard* ran a full page feature by Colin Espiner on what it called Labour's "Boys' Club" (p.17). Referring to "Labour's red-blooded heterosexual males" unofficially led by John Tamihere (with a late qualification added), Espiner claimed "after years in the wilderness, Labour's Boys' Club is enjoying something of a renaissance".¹

AI is not convinced. On 13 November Helen Clark addressed the Labour Party Conference.¹ We speculate on how "red-blooded heterosexual males" might have reacted to some of her remarks:

"...when we returned [to government] in 1999, we were older, wiser, - and, yes, a lot more humble - appreciating that New Zealanders' trust had been put in us again and that we must not let people down.

After fifteen years of helter skelter change, New Zealanders were looking for stability, predictability, and a commitment to the basics which every day households rely on - work, a home, good education, health care when you need it, and security."

...but heterosexual males have not had stability – the Shared Parenting Bill was defeated, while the Child Support Amendment Act increased financial obligations while not addressing child support inequities. The oddly named Property (Relationships) Act 1976 was introduced, potentially imposing significant financial penalties on men entering into relationships. The Care of Children Bill has been rushed through Parliament further diluting the role of many fathers. The government repeatedly talks of a "diversity of family types", while also referring to "sole parent families", and introducing concepts of "social parents", thereby discounting the role of non-custodial fathers. On 2 November 2004 David Benson-Pope suggested: "*Parents who use their children to get back at estranged or divorced partners by preventing their return to the parent with day-to-day care, face the possibility of arrest*"², whereas by far the greater and longer term problem has been the Family Court's refusal to enforce orders for access.

"only Labour will put the needs of ordinary people and families first"

...but over 300,000 children and 100,000 non-custodial parents have not been supported in maintaining their family relationships.

"Our government works for families - and we want a decent work-life balance for families too."

...but not for non-custodial parents, and workplace initiatives are designed primarily for women.

"...by the end of next year, under a Labour-led government, paid parental leave will be extended to fourteen weeks after the birth of a baby"

...but there is no paid parental leave provision for fathers, except if both parents meet the criteria, and the mother is prepared to share her entitlement.

"New Zealand needs more workers. We need more women working. Our rate of women's participation in work is well below that of the affluent Scandinavian economies."

...and, as much as anything, this is to achieve the government's aim not of men and women co-operating to form and raise families, but to create a society which meets their criterion that: "*women need to be economically autonomous*".³ Quite what such a society will look like, we are not told, but we do have grounds to wonder about the expected role of red-bloodied heterosexual males.

¹ "Labour: Moving New Zealand Ahead", <http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21474>

² <http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21364>

³ P.5 of *Ministry of Women's Affairs briefing paper for the incoming government*, March 2002 (<http://www.mwa.govt.nz/pub/2002IncomingBrief.pdf>). It is also one of the three themes in the *Action Plan for New Zealand Women* (<http://www.mwa.govt.nz/actionplanspecifics.html>)

Department of Labour Graduate Research Sponsorship 2005

Call for Proposals

The DoL invites applications for the DoL graduate research sponsorship grant for 2005. Graduate students who plan to carry out empirical or theoretical research on topics relevant to the DoL are encouraged to apply.¹ The DoL will sponsor up to three research projects in 2005, each of which will receive 5000 dollars.

The DoL is interested in academic research in labour economics, labour policies and relevant social science research and evaluation. The research could be an important input into the policy advice that the DoL provides to the government.

Interested students should submit a research proposal in English to Weshah Razzak via email Weshah.razzak@dol.govt.nz. The research proposal should include a title, a brief description of the objective(s), the methodology, the data, and if possible some preliminary results. The first page must include the title, the name of the student and full address. The document must be in WORD format. Pages must be numbered. References, numbered tables and graphs should be on separate pages. In addition, the applicants must arrange with their academic supervisors to send at least one letter of reference on their behalf via email to the above email address.

The DoL will continue to accept applications until the three winning projects are chosen. The winners will be announced on the DoL webpage at the beginning of March 2005.

¹ <http://www.dol.govt.nz/about/our-responsibilities.asp>

Applications are now being sought for the seventh A R Bergstrom Prize in Econometrics

The object of the Prize is to reward the achievement of excellence in econometrics, as evidenced by a research paper in any area of econometrics. The Prize is open to NZ citizens or permanent residents of NZ who, on the closing date of applications, have current or recent student status for a higher degree. It is intended that the awardee will utilise the proceeds to assist in financing further study or research in econometrics in NZ or overseas.

The Prize can be awarded once every two years, with its value currently being \$1500.

Applications/nominations must include:

- a formal letter of application and, in the case of students, a letter of nomination by their research adviser or chairperson;
- 4 copies of a research paper written by a single author, reporting original research in any area of econometrics;
- a CV and relevant academic transcripts.

Applications should be sent by 7 March 2005 to

Professor V B Hall
School of Economics and Finance
Victoria University of Wellington
P O Box 600
Wellington.

Email: viv.hall@vuw.ac.nz

Not only judicial activism, but also delegated lawmaking... (SB)

As signaled in *The Capital Letter* of 13 July 2004, a report by the Regulation Review Committee was released in June. It bears the title, *Inquiry into the principles determining whether delegated legislation is given the status of regulations.*¹ It includes the following:

The general principles that apply to the delegation of lawmaking powers are already well established. When delegating lawmaking powers, the following should apply:

- *primary legislation should contain matters of principle and policy*
- *secondary legislation should be confined to matters of implementation and detail.* (p.5)

Primary legislation involves Acts of Parliament.

Also:

Every year over 400 regulations are made, compared with the hundred or so Acts passed by Parliament. There is no evidence of any reduction in delegated lawmaking. Indeed, through globalisation, the increasing influence of international agreements and agencies and harmonisation of national laws we are increasingly subject to common standards across a wide range of issues.

The daily lives of New Zealanders are affected by the requirements of delegated legislation more often than by the broad policies and principles laid down in Acts of Parliament. (p.16)

In addition, a recent acquittal in a case in Nelson highlights the issue of “jury nullification”, defined as “*a jury’s right to deliver a not-guilty verdict even where such a verdict clearly conflicts with the letter of the law*”.² Do people understand this issue? In this case, has it been used as “*a safeguard of last-resort against wrongful imprisonment and government tyranny*”?

¹ <http://www.clerk.parliament.govt.nz/Content>SelectCommitteeReports/I.16E%20-%20delegated%20legislation%20report.pdf>

² http://en.wikipedia.org/wiki/Jury_nullification

“Matters of principle and policy” by Stuart Birks

Legislation by Act of Parliament is expected to focus on matters of principle and policy (see piece on delegated lawmaking above). Recently, compensation was awarded to six people who had been mistreated while in prison. In a media release on 2 September 2004, Minister of Justice Phil Goff said:

“I find it personally offensive that people who have shown no consideration for their victims, have committed grievous crimes, and frequently show no remorse whatsoever, should have to be compensated for alleged wrongs done to them.”¹

In a further media release on 4 October 2004, he said:

“Ministers, along with the vast majority of the New Zealand public, find it offensive and wrong that inmates are awarded significant sums in compensation while their victims, or families of their victims, got nothing.

“The solution of simply denying compensation to inmates, my first and preferred option, would, however, be contrary to obligations New Zealand has accepted under international law, and contrary to practice in other Western democracies.”²

He then proposed legislation restricting payment of damages to inmates to exceptional circumstances and extending the opportunities for civil claims against these people when the offender receives state compensation or any other windfall gains.

Is it appropriate for a Minister of Justice 1) to be so critical of judicial decisions based on the law as it stands? and 2) to refer to “alleged” wrongs, if a legal judgment has been made? While his dissatisfaction with the situation is clear, it is far less apparent exactly what underlying principle is guiding his legislative response.

It would appear that the fundamental issue is that we have two approaches operating in parallel. One focuses on penalties for the offender, and the other on compensation for the victim. The Minister appears to object to someone being imprisoned through the former approach, and then receiving compensation under the latter on another matter. Surely the

¹ <http://www.beehive.govt.nz/PrintDocument.cfm?DocumentID=20808>

² <http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=21112>

issue is one of parallel systems giving possible inconsistencies. These systems have been introduced through legislation passed by Parliament. It is therefore for Parliament to debate and, if necessary, resolve this wider issue. It is not for the Minister of Justice to criticise lawyers and judges for implementing the law as given.

It might be thought that the Minister would be constrained by consideration of the checks and balances that are fundamental to a democracy, and the need for office holders to maintain the dignity of their office. To set this in another context, we could ask whether his reaction is consistent with the criteria of procedural justice, outlined below. From yet another perspective, if the Minister of Justice is seen to show little respect for the law, why should such respect (and, as a consequence, compliance) be shown by others? If such respect and compliance is not forthcoming, what are the consequences in terms of ability to enforce law, and the costs of this enforcement? Might it encourage “judicial nullification” (p.15 above)?

This is a single example, but there was no marked response suggesting inappropriate behaviour. Presumably, therefore, it was considered acceptable, or at least unremarkable. In that lies its significance.

Law is central to the implementation of much economic policy. Members of Parliament see legislation, including that arising from private members’ bills, as a major mechanism for influencing policy. Economists recognize that, for money to serve as a medium of exchange, it requires common acceptance. The same applies with the law. Its operation, and people’s compliance, depends on public perceptions of the law and legal institutions. Can we expect laws to be made and implemented in an orderly and consistent manner, with respect for broader principles and an understanding of institutional boundaries? If this is in doubt, then the effectiveness of legislation is suspect, including that used in the application of policy of significance to economists.

Procedural Justice (SB)

In economics, collective choice literature such as Sen¹ recognises that we may be concerned not only with the choices made, but also with the way in which those choices are determined. A similar theme can be found in literature on procedural justice. While this originates in psychological and legal writing, the principles have recently been applied to decision making more generally. Several procedural elements have been identified. Tyler² describes four criteria in his paper on social justice:

...four elements of procedures are the primary factors that contribute to judgements about their fairness: opportunities for participation (voice), the neutrality of the forum, the trustworthiness of the authorities, and the degree to which people receive treatment with dignity and respect.” (p.121)

Among other things, Tyler points out that, “procedural justice is especially important in gaining deference to rules over time” (p.120). He also states, and this is particularly significant in relation to affirmative action, “procedural justice also shapes people’s willingness to defer to policies that are designed to help others” (p.120).

It could be an interesting and fruitful exercise to see whether, on these principles, policy development is considered to be procedurally fair. Can our policymakers be trusted, or might they try to mislead us? Are they listening to our concerns, or are they trying to change the culture of New Zealand without adequate debate? How might this affect compliance? Of course, Haffner³ might suggest that major changes can be undertaken while still keeping the public compliant, so long as, for most of them, much of their day-to-day life carries on as usual.

¹ Sen A K (1970) *Collective Choice and Social Welfare*, San Francisco: Holden-Day

² Tyler T R (2000), "Social Justice: Outcome and Procedure", *International Journal of Psychology*, 35(2), pp.117-125

³ Haffner S (2002) *Defying Hitler: a memoir*, London: Phoenix, discussed in AI No.20, on pp.16-17

"Liberal Groupthink" by Stuart Birks

There is an interesting article in the 12 November 2004 issue of the *Chronicle of Higher Education*.³ Bauerlein argues that there is a left-wing bias among American academics. The article reads like a tract for affirmative action, in that conservative academics “feel disenfranchised”, that their outlooks “will not do”. At least in the humanities and social sciences, they are working in a left-dominated environment where their perspectives are not accepted. They face subtle biases, or “indirect discrimination”. *“Political orientation has been embedded into the disciplines, and so what is indeed a political judgement may be expressed in disciplinary terms...on campuses, conservative opinion doesn’t qualify as respectable enquiry.”*

Is there cause to fear these conservative academics? Surely not, if the case against them is strong. If, on the other hand, the conservatives have the stronger case, aren’t academics duty-bound to recognise, or at least debate, their points?

Bauerlein mentions several academics whose work is rarely cited. One is Thomas Sowell. I recently looked a book of his, coincidentally on affirmative action.⁴ Judge for yourselves whether his points deserve consideration. To briefly list a few:

- Can differences between groups be taken to demonstrate discrimination? If so, how is the success of some immigrant minorities explained, and how are differences within groups explained? (p.170-172)
- often affirmative action policies have been, “ways of producing relatively minor benefits for a few and major problems for society as a whole” (p.166)
- the main beneficiaries of affirmative action policies have not been the most disadvantaged, but the privileged among the target group (p.187)
- “Those who thought that they were directing the course of events often discovered that they had simply opened the floodgates and that events were taking a course far different from what had been envisioned.” (pp.166-7)
- affirmative action policies tended to politicise the issues, creating, rather than reducing, tensions. (p.179)
- “...success at group identity politics tends to expand the list of grievances and ‘enemies’ necessary to keep the movement viable and its leaders powerful.” (p.180)
- “What a movement needs for its own survival is...an inventory of demands still outstanding, grievances still unassuaged, and ‘enemies’ still to be dealt with.” (p.181)

Incidentally, Sowell includes New Zealand among the countries he considers.

Another conservative American academic who has visited New Zealand is Richard Epstein (mentioned in 2BRED above). He gave a seminar on human rights in Auckland in 1995,⁵ where he argued strongly for minimalist legislation. For example, he advocated giving everyone freedom to do business with anyone on whatever terms and conditions they choose, and also freedom to refuse to do business for whatever reason. I did not find this convincing, in that I could imagine situations where individuals or groups are disadvantaged such that intervention may be socially desirable, and where such intervention might involve legislation.

The seminar included a response by Pamela Jefferies, a Human Rights Commissioner. Her response led me to view Epstein’s position far more favourably. In particular, she demonstrated that, once it is accepted that legislation can be used to differentiate between individuals according to membership of a group, the reasoning underpinning the interventions could be strongly agenda-driven and ideological. For example, she stated favourably that women comprised more than 50 percent of the enrolments in both law schools and accounting schools. The same could be said of medical schools, and this has been recognised as

³ Bauerlein M (2004) “Liberal Groupthink Is Anti-Intellectual”, *The Chronicle Review*, 12 November, <http://chronicle.com/temp/reprint.php?id=56a4b06e77oshwaiq5psszuc2gti5neb>

⁴ Sowell T (2004) *Affirmative Action Around the World: An Empirical Study*, New Haven: Yale UP.

⁵ Epstein R (1996) *Human Rights and Anti-discrimination Legislation*, Wellington: New Zealand Business Roundtable

potentially problematic due to lower workforce participation by women doctors.⁶ She also says that, prior to 1977:

"It was quite legitimate for an employer to say to an individual: 'We will not employ you for this particular job because you are a woman. This career is not available to you.'" (p.19)

This does not mean that such a problem necessarily existed, or that there were no reasons for selecting men over women. Nor does it mean that there were or are no situations where men might be treated less favourably than women, or that principles are applied consistently over a range of issues. In fact, the current gendered approach to policy has led to overt differential treatment of men and women. For example, domestic violence legislation includes the gender specific charge of male assaults female, and the Domestic Violence Act is openly described as having at its heart the concept that "domestic violence is about the use of power by men to control their women partners".⁷ Jefferies also refers to legislative responses to CEDAW and UNCROC, although these have been drawn on selectively to support specific positions, rather than being considered in their entirety.⁸

If there are reasons to doubt the suitability of policies, and policies may not be applied with due analysis of the consequences, then surely these are strong grounds for limiting the powers available.

⁶ See, for example, "Unhealthy appearance", *The Times* (London), 22 February 2002, and McCurdy D (2004) "Women widen horizons in medical world", *New Zealand Herald*, 4 September. It is perhaps paradoxical that small rural hospitals are being closed partly due to the dangers from doctors performing procedures too seldom, when no concerns are raised about the limited experience of part-time doctors.

⁷ In a submission by the Women's Consultative Group of the New Zealand Law Society to the Law Commission on *Preliminary Paper No.41: Battered Defendants: Victims of Domestic Violence Who Offend*, 8 November 2000.

⁸ On CEDAW, see for example p36 of <http://econ.massey.ac.nz/cppe/papers/cppeip14/cppeip14.pdf>. On UNCROC, see for example pp.51-52 of <http://econ.massey.ac.nz/cppe/papers/cppeip09/cppeip09.pdf>.

research in progress...

Continuing our series on the research projects currently underway in Economics Departments and Economics Research Units throughout New Zealand, in this issue we profile the research currently being undertaken by economists at the New Zealand Institute of Economic Research. The objective of this section is to share information about research interests and ideas **before** publication or dissemination - each person was invited to provide details only of research that is **new or in progress**.

... economic research at the New Zealand Institute of Economic Research as at November 2004.

Compiled by John Yeabsley john.yeabsley@nzier.org.nz

Externally funded research has been dominated over the last few years by a series of FRST projects. There was a sequence of research investigations dealing with the issues associated with New Zealand's trade issues in the new millennium, which produced a series of working papers available on the NZIER web site (www.nzier.org.nz) as papers from the New Zealand Trade Consortium.

Subsequently members of that team were awarded a new FRST contract. This was directed at helping better understand international interconnectedness. The aim of this project is to examine the important aspects of trade, trade policy, and attitudes to trade, that specifically

relates to New Zealand. A key part of the process is to examine how government, businesses, and individuals interconnect with the world.

The research, an investment by the Foundation of \$1.5m over four years, is using economic frameworks and sophisticated trade modelling techniques to study how New Zealand can get the best out of the current, and more importantly future international trading conditions. While the research is co-ordinated by the NZIER, it involves highly respected university and private sector researchers who have dedicated their economic and social research over many years to understanding how changes in trading conditions impact on New Zealanders.

The research is focusing on two separate areas, uncontrollable areas of trade and controllable trade areas.

A key programme within the research is looking at how trends in international trade may impact on New Zealand. These events, New Zealand can not control. Issues such as the likely outcomes of the Doha Development Round, the emergence of China and to a lesser extent India as a major trading nations, the changing nature of the world manufacturing trade, and the growth in services trade are all trends or international agreements that have specific and in some cases unique impacts on New Zealand that are uncontrollable.

The key issue for New Zealand is how we react to those changes? How do we develop individual, business, and policy strategies that contribute to economic growth and well-being? A significant part of the research is to understand how New Zealanders respond to the challenge of global interconnectedness to improve economic growth and well-being for New Zealanders. The further development of trade policy, understanding how innovation and R&D contribute to growth, the development of new industries, and understanding individual attitudes towards global interconnectedness are all important components of the study.

This work is being coordinated by Chris Nixon (chris.nixon@nzier.org.nz) and John Yeabsley (john.yeabsley@nzier.org.nz).

Other members of the team include:

John Ballingall whose research interests include:

- international trade and trade liberalisation
- the housing market
- macroeconomics in general

John is currently involved with assessing the consumer benefits of trade liberalisation. He can be contacted at john.ballingall@nzier.org.nz.

Johannah Branson's research interests include:

- Research and analysis (qualitative and quantitative)
- Economic analysis (theoretical and applied)
- Policy analysis (operational and strategic, analysis and process)
- Environmental and resource economics and agricultural economics
- Economic impact assessment and cost-benefit analysis
- Prioritisation and risk management

She is working at present on aspects of risk control. Johannah can be contacted at johannah.branson@nzier.org.nz.

Peter Clough's research interests include:

- Environment and natural resources – biosecurity, fisheries, forestry, energy, resource management
- Public sector services and policy – project and policy appraisal, regulations, market-based instruments
- Transport – infrastructure, pricing, safety assessment

Peter is currently working on cost-benefit analysis of options for use of the water of the Waitaki River. He can be contacted at peter.clough@nzier.org.nz.

Mark Cox's research interests include:

- Policy appraisal, evaluation and review
- Support for innovation and technology transfer
- Finance for SMEs

- Enterprise development
- Local economic development
- Skills and labour market research

Mark is working at present on the evaluation of government programmes which provide development assistance to firms with high growth potential. He can be reached at mark.cox@nzier.org.nz.

Preston Davies has a range of research interests including:

- Labour market economics
- Public policy
- Economic development

Preston is currently involved with assessing policy alternatives for encouraging the uptake of transport biofuels. He can be contacted at preston.davies@nzier.org.nz.

Ian Duncan's research experience and interest lie mainly in issues of industry and market structures, and their implications for decisions, policies, and performance in both private and public sectors.

He is also interested in the analysis of local economic development initiatives, and in how economic development strategy should be designed and applied at the local level.

He is currently working on assessing the vulnerability of rural communities to fire. His email address is ian.duncan@nzier.org.nz

Jean-Pierre de Raad's prime areas of interest are health economics and public policy. He has recently returned to NZIER after a stint at the ACC. He is currently looking at aspects of the health labour market and alternative early childhood policies.

You can contact him at jp.deraad@nzier.org.nz.

Simon Hope's research interests cover:

- Quantitative modelling and forecasting
- Economics for utilities
- Competition Policy

Simon is presently working on forecasts of energy prices in New Zealand. He can be reached at simon.hope@nzier.org.nz

Brent Layton's research interests include:

- Regulatory economics
- Infrastructure pricing
- Public policy advice
- Law and economics
- Financial risk management
- Capital expenditure evaluations and project analysis
- Business governance and strategy
- Macroeconomics and monetary policy

Brent is currently involved with a number of projects, including an assessment of the efficiency of New Zealand's financial markets. His email address is brent.layton@nzier.org.nz

Chris Nixon has the following research interests:

- Research & Development
- Pharmaceuticals and biotechnology
- Trade and trade policy
- Agriculture and development

Chris is presently working on the construction of an index of innovation. He can be contacted at chris.nixon@nzier.org.nz.

Sharon Pell's research interests include:

- Financial services sector
- Education sector
- Motor industry

Sharon is currently investigating options for increasing the number of women in the motor industry. Her email is sharon.pells@nzier.org.nz.

Rebecca Schrage has research interests including:

- Quantitative modeling and forecasting
- Financial markets
- International trade
- Optimal provision of healthcare

Rebecca is presently compiling an indicator of household savings in New Zealand. She can be contacted at rebecca.schrage@nzier.org.nz.

Doug Steel's research interests include:

- Macroeconomics
- Econometrics and forecasting
- Household savings and investment

Doug is editor of NZIER's quarterly forecasting publication, *Quarterly Predictions*. He also edits NZIER's *Quarterly Survey of Business Opinion*.

Doug can be contacted at doug.steel@nzier.org.nz.

John Stephenson's research interests include:

- Forecasting
- Regulation and competition
- International trade in services
- Trade liberalisation
- Regional growth
- Public policy economics

John is currently working on an assessment of the impacts of liberalising services trade with China. John can be reached at john.stephenson@nzier.org.nz.

Mark Walton's research interests include:

- General equilibrium modelling
- Assessment of natural hazard economic impacts
- National and regional input-output modelling
- Social accounting matrices and national accounting statistics

Mark is currently developing a model of operational funding for schools. His email address is mark.walton@nzier.org.nz.

John Yeabsley's research interests include:

- law and economics;
- industry and competition;
- the micro economics of public policy; and
- trade and immigration issues.

As well as the work with Chris Nixon mentioned above, John is engaged in a project led out of Victoria University on Local Futures, concerning the strategic decisions taken by local authorities. He has ongoing work too examining the relationship between theories of advising and 'experts,' in the context of the quality of public policy advice.

He can be contacted at: john.yeabsley@nzier.org.nz

NZAE Distinguished Fellows 2004

Citations for **Professor Conrad Blythe** and **Sir Frank Holmes** are now available on the NZAE web page via: <http://www.nzae.org.nz/Distinguished-Fellows.html>

New Zealand Economic Papers

Ian King, incoming editor of New Zealand Economic Papers, invites members to submit their papers to the journal. In keeping with tradition, papers in all economic subject areas will be considered, and papers covering New Zealand topics are particularly encouraged.

Offers and ideas for symposia of papers on particular topics are also welcome.

Book reviews and books to review (or suggested titles) are also needed.

Write to: ip.king@auckland.ac.nz

...about NZAE

The New Zealand Association of Economists aims to promote research, collaboration and discussion among professional economists in New Zealand. Membership is open to those with a background or interest in economics or commerce or business or management, and who share the objectives of the Association. Members automatically receive copies of New Zealand Economic Papers, Association newsletters, as well as benefiting from discounted fees for Association events such as conferences.

Membership fees:

full member: \$90

graduate student: \$45 (first year only)

If you would like more information about the NZAE, or would like to apply for membership, please contact:

Val Browning

Secretary-Manager, NZAE

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Wellington

phone: (04) 801 7139

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email: economists@nzae.org.nz

EMAIL DATA BASE

We are currently setting up an email database of members to keep up to date with technology, and we are working towards eventually e-mailing as many of our notices/publications as possible. *If you have not yet supplied the Secretary-Manager with your email address please email: economists@nzae.org.nz*

MEMBER PROFILES

Is your profile on the NZAE website? If so, does it need updating? You may want to check...

If you would like your profile included on the website - please email your details to: economists@nzae.org.nz

Welcome! *to the following people who have recently joined NZAE...*

Louise Allsopp (NZ Treasury); **Kam Szeto** (NZ Treasury); **Brent Layton** (NZIER); **Wayne Tan** (NZ Treasury); **Charlotte Hicks** (NZ Treasury); **Kerryn Fowlie** (NZ Treasury); **Jeremy Traylen** (Ministry of Economic Development).

WEB-SITE - The NZAE web-site address is: <http://nzae.org.nz/>
(list your job vacancies for economists here)
