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PAST ISSUES

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New Zealand Association of Economists Inc.

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<http://www.nzae.org.nz>

Normal science research is:

"a strenuous and devoted attempt to force nature into the conceptual boxes supplied by a professional education."

[P.5 of Kuhn, T. S. (1970). *The structure of scientific revolutions* (2 ed.). Chicago: University of Chicago Press.]

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EDITORIAL

Increased contributions

Stuart Birks (k.s.birks@massey.ac.nz)

You may notice some new components in this issue. Not only are there conference/workshop/forum reports, but also the first of regular items from Statistics New Zealand and from NZAE Council member Anthony Byett on forthcoming events. A piece by Len Bayliss to mark the passing of Jack McFaul provides a fascinating insight into experiences of New Zealand economists in the past.

All this is in addition to the regular and much appreciated 2BRED column by Grant Scobie, and the more recent but also informative column from Motu. The latest Motu column shows that there can be problems with the use of standard econometric methods because they assume away important differences, as with regressions assuming that the observations are all from the same underlying structure.

It is hoped that *AI* continues to develop as a publication that both informs and challenges. Motu did make a comment on econometrics, but unfortunately there I have received no contribution from any feminist economists despite the encouragement offered in the editorial of the previous issue. Maybe I am correct in thinking that they are too busy writing influential reports. The invitation still stands, with some additional encouragement below. Also, there are several NZAE members who have their own blogs. Perhaps they could draw attention to these by offering one or two extracts for inclusion in *AI*.

As you will see, we have recently lost not only Jack McFaul, but also Gary Buurman and Sir James Douglas Stewart. Our condolences to their families. []

MWA and the Gender Pay Gap

Stuart Birks (k.s.birks@massey.ac.nz)

The post-university gender pay gap is considered in a recently released Ministry of Women's Affairs working paper¹. Emphasised findings are i) the pay gap between men and women in the study, and ii) the pay premium for both men and women graduates one and five years after graduating.

Given its source, it is not surprising that the working paper is slanted towards identifying problems for women. This will be unbalanced when there is another perspective to consider.

They mention the difference in overall graduate numbers by gender, but just as an aside. In 2006, for every 100 male bachelors degree graduates there were 167 female graduates, and by 2008 the figure had jumped to 187.² Imagine if an issue had been framed around a "graduation gender gap". Not only is there a massive gap, but it worsened dramatically over just two years! It is suggested in the working paper that there is a pay premium for graduates, and so "it is still worthwhile for women to gain a tertiary level qualification" (p.15). Is it not also worthwhile for men to gain such a qualification, and are they not achieving this at a much lower rate than women?

A particularly large pay gap is found in health, with a footnote mentioning the concentration ("occupational segregation") of women in nursing, and men among surgeons (so soon after graduating?). The rhetoric is that areas are dominated by women as a result of their being forced into them, whereas areas are dominated by men due to women being excluded. Are men not pressured into certain occupations and excluded from others?

There is a further problem with an approach that always interprets situations as disadvantaging women. If any difference in occupational pattern gives disadvantage to women, then the aim must be to match men's and women's patterns. This cannot be done solely by increasing women's participation in male-dominated areas. There must also be increases in male participation in female-dominated areas. Alternatively, if the aim is solely to get more women in selected areas, then end result may well be to drive men out of the workforce. The evidence would point towards the latter.

More fundamentally, how does a Westminster-model public service reconcile the existence of a Ministry openly pursuing the interests of a subset of the population without any other balancing organisation? It would be interesting to see how a feminist economist might respond to these points. []

¹ "Analysis of Graduate Income Data 2002-2007 by Broad Field of Study", Ministry of Women's Affairs, March, Accessed 27 March 2010 at: <http://www.mwa.govt.nz/news-and-pubs/publications/graduate-income-data.pdf>

² Table 12 at: http://www.educationcounts.govt.nz/_data/assets/excel_doc/0010/16300/Gaining-qualifications31109.xls

OBITUARY

Gary Buurman 1944 – 2010

Gary Buurman passed away in January this year after a short illness. His name will be familiar to regular readers of *Asymmetric Information* as he was co-editor for issues 6-24. He was also co-editor for the first five volumes of the quarterly international journal, *Applied Health Economics and Health Policy*.

Gary's focus in his work was on personal interest and enjoyment, but nevertheless his publications include articles in *History of Political Economy* and *American Journal of Economics and Sociology*. His firm grasp of economic fundamentals blended with a focus on solid application in a real-world context. Consequently, he was quick to distinguish between the relevant and the merely technically impressive. This, together with the enthusiasm and ability to relate to students from a range of backgrounds, made him a very effective and innovative teacher.

However, Gary was not aiming for a high profile among the economics community. Rather, he fits the mould of those who came to New Zealand

for the lifestyle. An American by origin, he never lost his distinctive accent despite spending nearly 40 years in New Zealand. However, he established a place for himself in the country and earned the respect and friendship of many people from a variety of backgrounds.

Gary was a keen sportsman and a highly regarded basketball coach. He was also an accomplished gardener and cook and an enthusiastic fisherman. In his later years he added canoeing and dancing to his interests. He was also a committed family man to his wife, Kathy, and children Wiremu, George and Atawhai.

His marriage to Kathy resulted in his being accepted by the local Maori community as one of their own. Maori custom played a large part in enriching the last weeks of his life and shaping the subsequent days. His funeral service on Aorangi Marae movingly blended Maori and European, and he has the rare honour of being buried in the marae cemetery. A frequent comment on his passing was that he was a man who made the most of his life. He will be sadly missed. Stuart Birks. []

Members are invited to submit brief articles on any issue of interest to NZAE members, and/or comments and suggestions. Enquiries and contributed articles should be sent to Stuart Birks (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*

RBNZ MONETARY POLICY CONFERENCE

On December 17-19, 2009 the Reserve Bank of New Zealand and the Northwestern University's *Centre for International Economics and Development* (CIED), hosted a joint conference to mark the 20th anniversary of the beginning of the inflation targeting in New Zealand. The Reserve Bank of New Zealand Act (1989) was one of the seminal events in the development of inflation targeting as a monetary policy regime.

Inflation targeting, with its emphasis on price stability, policy-maker independence, and communication to influence expectations, has become hugely influential internationally as a monetary policy framework. As of 2009, 26 countries have explicitly adopted inflation targeting, including Canada, the United Kingdom, Australia, Sweden and Norway. Even in countries and regions that do not have an explicit inflation targeting framework, such as the euro area and the United States, the ideas underpinning inflation targeting and the methods used to implement policy in an inflation targeting regime have become increasingly influential.

A conference on monetary policy was particularly apt for 2009 because macroeconomic developments over the last two years have created the largest stresses for the global economy, the global financial system, and policy frameworks since the Great Depression of the 1930s. The decline in global economic activity in 2009 – now being termed ‘the Great Recession’ in the US – has prompted renewed scrutiny around macroeconomic stabilisation policy, financial systems, and the regulatory frameworks within which financial institutions operate.

Policy questions are among the preeminent concerns that have arisen from the Great Recession. For example: Should one seek to stabilise the economy through fiscal or monetary policy? How effective is fiscal policy in times of crisis? What kind of ‘unconventional’ monetary policies are available, and how (and why) might they work? What kinds of credit frictions are operational, and how do they influence the propagation of shocks? How should policy be operated in the context of a small open economy? What sort of financial regulation should be implemented and what consequences does regulation have for long-run optimality? At the December conference, leading academics and staff from the Reserve Bank came together to address these and related questions.

A more detailed summary of the conference appears on the March 2010 issue of the Reserve Bank of New Zealand's *Bulletin*, written by David Baqaee and Christie Smith from the Reserve Bank of New Zealand <http://www.rbnz.govt.nz/research/bulletin/>

More information and the papers from the conference are available at: <http://www.rbnz.govt.nz/research/workshops/MonetaryPolicyDec09/index.html>

CONFERENCE PROGRAM

Thursday 17 December, 2009

“When is the government spending multiplier large”

Lawrence Christiano (Northwestern University),
Martin Eichenbaum (Northwestern University), and
Sergio Rebelo (Northwestern University)

“A defence of the Federal Reserve Open Market Committee (FOMC)”

Martin Ellison (University of Oxford) and
Thomas Sargent (New York University)

“A model of unconventional monetary policy”

Mark Gertler (New York University) and
Peter Karadi (New York University)

“Do credit constraints amplify macroeconomic fluctuations”

Zheng Liu (Federal Reserve Bank of San Francisco),
Pengfei Wang (Hong Kong University of Science and Technology), and
Tao Zha (Federal Reserve Bank of Atlanta)

“On a tractable small open economy model with endogenous monetary-policy trade-offs”

Jaime Alonso-Carrera (Universidade de Vigo) and
Timothy Kam (Australian National University)

“Long and short interest rate targets”

Bernardino Adao (Banco de Portugal), Isabel Correia (Banco de Portugal) and Pedro Teles (Banco de Portugal)

Friday 17 December, 2009

“Bailouts, time inconsistency and optimal regulation”

V.V. Chari (Federal Reserve Bank of Minneapolis) and
Patrick Kehoe (Federal Reserve Bank of Minneapolis)

“The high sensitivity of economic activity to financial frictions”

Robert Hall (Stanford University)

“Sunsspots and credit frictions”

Sharon Harrison (Columbia University) and
Mark Weder (University of Adelaide)

“Inflation and the natural rate of unemployment in US business cycles”

Nicolas Groshenny (Reserve Bank of New Zealand) []

OBITUARY

James Douglas Stewart

James Stewart, a pioneer in Cost Benefit Analysis and an economic approach to farm management, passed away recently. Sir James, Emeritus Professor of Farm Management at Lincoln University, had been a student, lecturer, professor and principal at Lincoln. He was also a graduate of Canterbury University. He was knighted by the Queen in 1983 for his services to agriculture and education. []

FROM THE 2B RED FILE

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

For this issue I have chosen the salutary, the serious, the historical, and the frivolous. Let's start with the salutary.

We recently took some overseas guests (economists of course) to the museum in Rotorua. Incidentally while this column is about books, let me slip in a plug for the Rotorua museum – it is quite splendid. The building alone is worth the visit. It is an extravaganza of late Victorian pseudo Elizabethan, with some stunning internal woodwork. It was originally built as a thermal bath house – taking the waters was seen as a cure for whatever ailed you. It was to attract tourists (presumably the ailing sort) from around the globe, and be a profitable investment. *Yeah, right....*as the Tui billboard would proclaim. So by now you will have guessed – yes, it was built with taxpayers' money on the grounds it would yield a good return to New Zealand.

Well, all this was a long-winded introduction to the fact that, while visiting the museum, we were musing on this and other investments made by politicians on our behalf – always with the aim of generating a wonderful social dividend (Eden Park? A cotton mill in Nelson?¹). As a result of this discussion I was reminded² of the book by **D. R. Myddelton (2007) *They Meant Well: Government Project Disasters*** (London: Institute of Economic Affairs). This is a well documented little volume reviewing six major government investment projects that went wrong. Classics were the R.101 Airship which after spending about \$NZ300m (today's equivalent) crashed on its test flight killing all but 6 of the 54 people on board. But wait there is more – the Concorde, the Millenium Dome and Channel Tunnel have all impoverished the British taxpayer. Sobering lessons here for the need for rigorous cost:benefit analysis, regulatory impact assessments but above all restraining politicians from investing in commercial enterprises.

I am indebted to my colleague John Gibson for drawing my attention to my next selection (doubtless sent to me as a subtle hint with the vain hope I might at least attempt to hone my fading econometric skills, acquired in graduate school some 40 years ago, long before co-integration had been invented). Authors **Joshua D. Angrist and Jorn-Steffen Pischke (2009)** have written an econometrics book that is actually readable: ***Mostly Harmless Econometrics: An Empiricist's Companion*** (Princeton: Princeton University Press). It is aimed at those whose interest is in testing hypotheses about the real world. What effect does volunteer military service have on earnings? Does class size matter for student performance? Does employment vary in fast

food outlets before and after a minimum wage was introduced (in New Jersey)? Does schooling influence wages? In this volume you will find a down to earth discussion, richly illustrated of the essential techniques you need to use data to addresses these types of questions. This is econometrics lite – readable, practical and stripped of all unnecessary theoretical clutter which is typically of interest to, and readable by, only a handful of nerdy academics. Want a refresher on linear regression, instrumental variables, differences-in-differences, fixed or random effects? Then you are in the right place.

In an earlier column I recommend **Tim Harford's *The Undercover Economist***. This former World Banker and financial journalist writes in an engaging style and his latest (2008) book, ***The Logic of Life: The Rational Economics of an Irrational World*** (New York: Random House) is worth getting for the bedside table. It is another in a long line of books that look at the world and ask why: why is the boss so highly paid? Why is this neighbourhood so much poorer? Is divorce underrated? Harford draws on history, psychology and data to make his astute observations on life, to peel back layers of complexity, and to reveal some simple underlying rational reasons for how things work and what people do. While not an explicit critique of behavioural economics, it does bring out that much of what that hodge podge of bits of assorted theories purports to explain, can be understood, often more simply, with the rational decision making constructs of the increasingly maligned models of neo-classical economics.

For a sailing holiday in the Sounds last month I took the substantial new(ish) volume by **Anne Salmond (2003) *The Trial of the Cannibal Dog: Captain Cook in the South Seas***. I confess I cheated a bit and elected to start with those sections devoted to Cook's travels and adventures in the Marlborough Sounds. After all, it seemed rather special to be moored over night probably no more than metres from where Cook would have been some 240 years previously. It is a wonderfully rich and fascinating account of Cook's three Pacific voyages by an outstanding New Zealand scholar. However if you are puzzled by the title, I won't spoil it... just read Chapter 1.

Finally the frivolous. Here we have a boy meets girl story by **Russell Roberts (2001) *The Invisible Heart: An Economic Romance*** (Cambridge, MA: MIT Press). (The title does give one a hint!) Sam is teaching economics at an upmarket private school in Washington, DC and falls for Laura, teaching literature. He tries desperately to win her heart, and slowly and patiently show her that so many of the do-good policies of the state that she values so dearly may actually harm those they were ostensibly

¹ With the prospect of import duty protection and the support of government there was substantial investment in a new cotton mill at Annesbrook in Nelson in the early 1960s. But in 1962 when the new buildings had little more than their frames in place the scheme was abandoned. Two years later the buildings were completed and taken over as a car assembly plant which opened in 1966. Eventually in 1998 following the removal of tariffs on imported cars the car assembly operation also closed. The buildings were finally removed in 2009 to make way for a retail development. Source: <http://www.teara.govt.nz/en/investment/4/5>

² By she who must be obeyed, who I must acknowledge is the source of many suggestions: "this is a book you should review for your column."

designed to help. Her interventionist thinking came from the family dinner table discussions via her father, a US Senator. Unfortunately for Sam the influential senator does not like the market based approach that Sam has adopted in his classes and

uses his connections with the school trustees... well, enough... or I'll spoil the story for you. But if you need sound reasoning for debating with an economic non-believer, Sam is a great source. []

4TH AUSTRALASIAN WORKSHOP ON EXPERIMENTAL ECONOMICS HELD AT THE UNIVERSITY OF CANTERBURY

Leading economists from around the world gathered in Christchurch on December 18-19, 2009 for the 4th Australasian Workshop on Experimental Economics, held at the University of Canterbury and sponsored by the UC College of Business and Economics and Economic Design Network.

The workshop was organised by Dr Maroš Servátka and Dr Steven Tucker, experimental economists from the university's Department of Economics and Finance.

Dr Maroš Servátka said the gathering on December 18 and 19 positioned the University of Canterbury as one of the region's hubs for this relatively new field of economics. *"We were thrilled that the workshop had attracted the current president of Economic Science Association, (the main professional organisation gathering experimental economists), Professor Tim Cason from Purdue University, along with the past president of the ESA, Professor James C. Cox, from Georgia State University and other famous economists from all over the world."*

Experimental economics uses controlled experiments, normally within a laboratory setting, to study economic behaviour.

"One of the many benefits of experimental economic methodology is that it provides researchers a relatively high degree of control over how the data is generated, and thus allows us to study economic questions more precisely by isolating the effects of alternative incentives, institutions, and environments on individual behaviour," Dr Tucker said.

The workshop featured four keynotes: Professor Tim Cason, Professor James C. Cox, Professor Martin Dufwenberg (University of Arizona), and Charles Noussair (Tilburg University). Topics that were presented during the two day workshop included the current financial meltdown and creation of asset bubbles, market institutions and the effect they might have on the behaviour of firms and consumers, negotiations regarding the level of investment and the split of the profit it generates, and altruistic behaviour by individuals.

University Pro-Vice-Chancellor Professor Nigel Healey said the College of Business and Economics was delighted to host the workshop.

"In recent years, the College has developed significant research capability in the area of experimental economics and now has a strong team of talented young researchers. Hosting such an impressive roll call of leading experimental economists from around the world at this year's workshop demonstrates that our group is one of the largest and most active in Australasia," Professor Healey said.

Other activities by the UC experimental economics group included editing a Special Issue of the New Zealand Economic Papers on Laboratory Experiments in Economics, Finance and Political Science (Volume 43, Issue 2, August 2009), a series of publications in top economics scientific journals, visits by renowned experimentalists to the department (including preparation for 2010 Condliffe Lecture by one of the founding fathers of experimental economics Professor Charles Plott) and organisation of sessions by its members in international conferences held overseas.

To underpin continuing success of the UC experimentalists, the university was establishing the New Zealand Experimental Economics Laboratory (NZEEL), a purpose-built experimental economics laboratory with an observation room and privacy screening around each cubicle. The official announcement was made during the gala dinner reception.

The New Zealand Experimental Economics Laboratory will be the main experimental economic research centre within New Zealand and one of the leading experimental economic research hubs in Australasia. NZEEL will trial projects; connect UC research to the private sector; attract distinguished international academics as research visitors; and attract Masters/PhD students from other universities and post-docs as they want to be taught by and collaborate with the best in the field in these areas. NZEEL will be open for use by both university staff members and other interested parties.

For further information, contact Dr Maroš Servátka, maros.servatka@canterbury.ac.nz, +64-3-364 2825.

4th Australasian Workshop on Experimental Economics website: <http://www.bsec.canterbury.ac.nz/ExpEcon/>. []

TEACHING FIRST-YEAR ECONOMICS FORUM

By Stephen Burnell (Stephen.Burnell@vuw.ac.nz)

On Friday 27 November 2009, a one-day forum for first-year Economics lecturers and coordinators was held at Victoria University's Pipitea Campus. The forum was organised by the New Zealand Association of Economists and attracted 15 academics from 8 universities and polytechnics around the country. The aims of the forum included the provision of information to academics about practices in other Universities and exploring areas where cooperation would be more appropriate than competition.

One issue considered was the structure of first-year courses around the country and the ease of transferring from one institution to another. Most courses were taught in large classes (U of Auckland, Canterbury, Otago, Victoria, Lincoln, Massey, Waikato), though it was noted that AUT and Bay of Plenty provided small class sizes, while the Open Polytechnic (and Massey) offered distance learning. Currently, the Universities of Auckland and Canterbury offer a Micro course and a Macro course, while Victoria, Otago, Massey and Lincoln all offer two Principles courses. Waikato offer one first-year Principles course (mainly micro), plus one second-year Macro course. AUT concentrates their first-year Economics in their Globalisation and Business course, while the Polytechnics tend to offer one Economic Environment course at first year. It was recognised that if institutions move to requiring only one compulsory Economics course for a Commerce degree, then the Principles split was the obvious arrangement. For Victoria, this suggests that a student transferring at mid-year (either to or from Victoria), will have little difficulty with Otago, Massey and Lincoln, but significant issues with all other institutions.

The literacy and numeracy skills required for University entrance were discussed, with the perception that students do not appear to be as prepared for Economics courses as they once were. It was noted that students now require only eight credits of Level 2 English (or Te Reo Maori), and 14 credits of Level 1 Mathematics (or Statistics and Probability or Pangarau). In particular, students do not have to study grammar, writing conventions, calculus, or functional analysis to enter University. The absence of these skills has made teaching Economics far more difficult than previously, as many students struggle with words, numbers and mathematical concepts.

Technology and teaching was covered by a demonstration of Clickers. The advantage of Clickers over a show of hands appears to be psychological. Students tend to be reluctant to expose themselves to potential ridicule or humiliation, so they are reluctant to respond to questions in class, unless they can assured they will be unseen by others. By clicking a button, rather than raising a hand, students remain anonymous and so are more willing to answer questions posed by the lecturer. Students seem to feel that such participation increases their understanding of the subject.

Assessment issues were discussed and comparisons made across Universities. Victoria is the University that maximises the amount of multi-choice questions required to be answered by students.

This is driven primarily by staff resources (the amount of time staff have available for – or desire to spend on - marking). There are good reasons for asking whether Victoria has gone too far and should now introduce more written answers (emphasising literacy skills), as part of the assessment. With many Universities either accredited or seeking business accreditation, the importance of Assurance of Learning has increased significantly in recent years. However, subject-specific – as opposed to generic – skills have tended to be given little attention. A valuable learning tool for students would be a frank discussion of what the course assessment is trying to achieve, how successful a specific piece of assessment in a particular year was, and how successful the students were at achieving the goals of the assessment. []

Generating competition?

Stuart Birks (k.s.birks@massey.ac.nz)

Attempts have been made to generate competition in such domestic supply areas as electricity, gas, phones and internet. From a theoretical perspective, this is associated with a shift from the concept of natural monopoly to the perspective of networks. Of course, theory is, by its nature, a simplified representation, or model-as-analogy approach to the real world. Real world experience may be different.

All readers will no doubt have experienced the methods of competition used by companies in these areas. Prominent among these is telemarketing, frequently intrusive and not always well-informed, giving the latest confused mix of special offers with no long-term clarity as to which supplier has the most suitable (sustained) offer. Anecdotal evidence and coffee break conversation suggests that there is a clear disutility arising directly from these calls, and their impact on most people's purchasing behaviour is minimal. Are these structures really generating competition, or just inconvenience?

There are two questions, are people annoyed, and are they being misled? The signs from some quarters are worrying. A 2006 issue of *The Economist* referred to, "...the ancient capitalist art of confidence-trickery, seen in pyramid schemes and South Sea Bubbles since the beginning of time"¹. A possibly illustration of this can be found in the *Waikato Times* late last year.² It described downsizing of packaging, whereby, for example, a product which had been sold in 500g packets is now sold in packets of 460g (see Sanitarium Ricies). To quote the article:

Shoppers overwhelmingly hate "sneaky", "greedy" and "dishonest" product downsizing practices which many grocery manufacturers are using to hold profit levels, a Waikato Times poll has found...

Consumer NZ testing manager Hamish Wilson said..."The marketers will pull all the tricks out of the hat that they can to keep us confused," Mr Wilson said. []

¹ "Saving Japan from the shadows", *The Economist*, (Vol.378, Issue 8463), February 4th 2006, p.9

² Holloway B (2009, 7 December) "Buyers 'disgusted' at product downsizing tactics", *Waikato Times*, accessed 27 March 2010 from: <http://www.stuff.co.nz/national/3134000/Buyers-disgusted-at-product-downsizing-tactics>

Assessing the Impacts of Migration from the Pacific

The Pacific Island-New Zealand Migration Survey (PINZMS) is a comprehensive cross-country household survey designed to measure multiple aspects of the migration process. This Marsden-funded project is jointly led by John Gibson (University of Waikato and Motu), David McKenzie (The World Bank) and Steven Stillman (University of Waikato and Motu). The unique feature of PINZMS is that it enables comparisons of immigrants who enter New Zealand through a random ballot with unsuccessful participants in the same ballots who remain in their home countries in the Pacific Islands. Data collection from both source and destination countries allows the researchers to assess impacts on both migrants and those left behind.

This ongoing research project has already generated four key findings. First, it is found that while the earnings for migrants from Tonga increase by 263 percent after only one year in New Zealand, this is significantly lower than the gain that is estimated by comparing the GDP per capita and average wages in the two countries. Furthermore, non-experimental econometric methods such as difference-in-differences, matching and instrumental variables are all unable to replicate the experimental estimate, with each overstating measured gains by 20-35 percent. This occurs because migrants are self-selected on both observable and unobservable characteristics and the returns to these characteristics are higher in the New Zealand labour market than in Tonga. These findings are to be reported in the forthcoming June 2010 article in the *Journal of the European Economic Association*.

Second, similar distortions are found when estimating the impact of migration on the income, poverty and health of remaining family members that have remained in Tonga. Experimental comparisons between the families of migrants and the families of those unsuccessful in the ballot suggest significantly lower incomes for the latter group, along with changes in diet and health which corroborate a decline in economic circumstances. These differences are not detected when outcomes for migrants' families are compared with a general sample of non-applicant families. This suggests that studies relying on similarly constructed control groups are unlikely to accurately represent these effects. This finding is presented in detail in the *New Zealand Economic Papers* (41:2, pp. 197-223) and the World Bank Policy Research Working Paper No. 4956.

In a third article, the researchers examine the impact of migration on mental health. In contrast to some claims in the medical literature, experimental estimates indicate that

migration improves mental health, on average, for Tongans. This improvement is largest for those who would otherwise have low mental health and for women, and is driven by factors other than the large change in income that follows migration. These findings are presented in detail in the *Journal of Health Economics* (28: 3, pp. 677-87).

In a fourth article, the researchers examine the information gaps that appear to affect the decisions that migrants make about how to send money back to their home communities. The mostly commonly used transfer organisation is Western Union, who charge about 15 percent of the median transaction. The PINZMS data suggests that remitters have little awareness of alternative channels, though some of these charge as little as 5 percent commission. The researchers calculate that this ten percentage point spread between the most popular and the cheapest remittance methods may equate to avoidable transaction costs for the entire Pacific region of NZ\$50 million per year. These findings are presented in detail in the *Asia Pacific Development Journal* (14:2, pp. 55-74; available online from www.unescap.org). For more detail on this research visit www.pacificmigration.ac.nz. []

The UK approach to climate change

Stuart Birks (k.s.birks@massey.ac.nz)

A recent presentation on climate change at Massey University suggested some interesting possibilities. Ric Nye of the British High Commission described the prevailing UK position. In summary, a lot is happening, pushed along in part by an enthusiastic private sector.

For policy making purposes and for business decisions, it has been assumed that climate change is happening. This is partly a risk assessment and partly to give certainty for business. The result is consensus and co-ordinated, multi-faceted action, plus large amounts of money for R&D. On paper, the effects are dramatic. The Kyoto target was a 12.5% reduction in emissions, but the UK is on track for 23%. There are differing measurements, but economic benefits are seen through growth of a large "green" sector.

Is it real? Perhaps the UK's "cherry-picking" of environmentally friendly activities is giving the impression that the country is doing very well. If so, they might go backwards when they can no longer import the more problematic items at relatively low cost. However, the "potential first mover advantage" may still play out. If the UK can look good now, it gets the moral high-ground from which to specify standards for adoption elsewhere. UK manufacturers would already be compliant and leaders in the technology that others will then have to buy from them.

On this basis, it does not matter if they are right, so long as they are sufficiently persuasive and influential. That is enough for them to gain an economic advantage. Can New Zealand do the same with agriculture? Should it attempt to do so?

Some details of the "Low Carbon Industrial Strategy" can be found at: <http://www.bis.gov.uk/Policies/business-sectors/low-carbon-business-opportunities/uk-low-carbon-ind-strategy>. Consider also social marketing and the "Environmental Behaviours Unit" <http://www.defra.gov.uk/evidence/social/behaviour/>. An online interactive map of the possible consequences of global warming can be found at: <http://www.actoncopenhagen.decc.gov.uk/content/en/embeds/flash/4-degrees-large-map-final> []

JACK MCFALL, 1922 - 2010

(An insight into his life and times)

By Len Bayliss

Jack McFall was a founder member of the NZAE and, after serving as a Council member, he became President over 1968/70. This valuable contribution, together with his distinguished career, were the main reasons for his election as an NZAE Life Member in 2004.

Jack's reputation was based on hard work, integrity, wide experience and excellent judgement. He was an achiever - not a bureaucrat. He left no academic papers. In fact he was extremely modest and did not strive for personal recognition or rewards. He was no ideologue - pragmatism based on a careful analysis of the relevant facts was his forte. He was a good team player. He did not procrastinate or sit on the fence. He rarely raised his voice. He had a well developed and dry sense of humour. A rugby "nut", a fast driver who hated being passed, and a dedicated vegetable grower, above all he was devoted to his wife Bette, their four daughters and their families.

In 1939, soon after he turned 16, Jack joined Perpetual Trustees in Dunedin and, apart from Army service (1942/46) mainly driving an ambulance in Italy, he stayed with Perpetual Trustees until 1953 - when he was recruited by the Reserve Bank as an economist. Jack gained an accounting degree from Otago University and later an economics degree - both on a part time basis. This latter study led to his desire to work as an economist.

The Reserve Bank's Research and Statistics office was mainly comprised of young economists - recently married or about to get married, having children, house hunting, spending weekends gardening/painting/concreting, saving for furniture/fridges/washing machines etc.. No one had much money. Friday night from 5-6pm was spent in the pub (the Occidental), with the social highlight being the annual Reserve Bank Ball held at the Majestic Cabaret - with the wives/partners concealing bottles of "grog" under their skirts!

The dominant influences were the early thirties depression and the very recent 1939/45 war. There was a strong commitment to public policy - if this required government action so be it, but no ideology was involved. There was a general belief that existing widespread economic controls were excessive - though some were clearly required in the current circumstances. There was a high level of ability within this group - most of whom, on leaving the Bank by 1960, achieved considerable distinction in their subsequent careers. Lasting friendships resulted and led to a happy reunion in 2007.

OTHERS IN THE TEAM:

Alan Catt	Emeritus Professor, Auckland University.
Warren Hogan	Adjunct Professor University of Technology, Sydney. Director Westpac and AMP.
John Pryde	Chief Executive, Federated Farmers. Life member NZAE.
John Revell	Senior Executive, NZ Dairy Board.
Ken Clarke	Chief Statistician ECAFE.
Bob FAMILTON	Deputy Treasurer IMF.

Jack's seven years in the Reserve Bank were very important to his professional development. He benefited greatly from the high standard of office discussion and debate, from his close association with the public service - particularly Treasury, Statistics and Agriculture, from contacts with national organisations, i.e. producer boards, retailers, manufacturers, etc., and from the Bank's (limited) involvement in economic policy.

NZ Meat and Wool Board Economic Service 1960/70:

The Economic Service, a small but first class organisation, was made for Jack - with its grassroots structure, its interesting and worthwhile work combined well with his practical economic/accountancy background. After ten years, Jack had acquired an in-depth understanding of the production, marketing, processing and politics of the meat and wool industries - at that time New Zealand's major industries.

Jack's experience and growing reputation led to his appointment in 1968 as Chairman of the Economic Committee of the Agricultural production Council in the National Development Council - a major forward move in his career.

The NZ Wool Board 1970/73:

Jack's membership of the 1965/73 Wool Marketing Study Group was, to his mind, a failure. He advocated that wool auctions be terminated and be replaced by a wool marketing co-operative which would acquire and market the wool clip. This proposition aroused passionate debate (socialism - over my dead body!!) within the wool industry. Jack lost the battle, the auction system continued, and wool farming has steadily deteriorated - and it is now a shadow of its former self. Jack joined the Wool Board to further his work in the Wool Marketing Study Group - they were the board directly involved. It is generally recognised that the Board, with poor leadership, handled the acquisition proposal very badly by doing very little to create an informed farmer understanding and leaving the opposition to make the running.

NZ Dairy Board 1973 /87:

The NZ Dairy Board was arguably New Zealand's most important and successful business organisation. Jack was a key member of a very successful Dairy Board senior management team. As secretary, he played a major role in negotiating with Government/Treasury regarding major revisions in the Board's financing.

In addition, there were major revisions to the Dairy Board Act. He was also a member of the Board's management team which, in his own words *"pioneered the development of the most innovative and successful New Zealand marketing organisation"*. Murray Gough has commented, *"during my time as CEO, Jack was a wise and politically astute "eminence grise" bringing to the Dairy Board's young management team a hugely valuable level of experience about dairy industry affairs - and national politics. The Dairy Board's success in surviving that period intact and subsequently being able to move through deregulation at a sensible pace, owes a substantial debt to Jack's wisdom"*.

Prime Minister's Department 1976-80:

Jack was an original and long serving member of Muldoon's "Think Tank". His major responsibilities covered the primary

industries, agriculture, fishing, forestry, etc., as well as the Bahrain cool store. He had an excellent rapport with the Prime Minister and the departmental head Bernard Galvin. Jack's 25 page chapter in "Muldoon Revisited" (Clark M, Ed., 2004, Dunmore Press) is pure McFaull - no equivocation, factual, absorbing and a great read.

Jack had a major involvement after his retirement with the National Party - particularly on organisational issues. In his own words *"I was not a committed party member, I was really doing my own research and few knew or cared what I was doing"*. He was totally pragmatic - the acquisition scheme was a replacement of the market system with a co-operative organisation. He was a strong supporter of co-operative organisation in the dairy industry. []

SNZ'S LONGITUDINAL BUSINESS DATABASE (LBD)

by Keely Betham (keely.betham@stats.govt.nz)

Availability of microdata is key to facilitating research. Statistics New Zealand provides researchers with access to microdata through a number of channels and is looking for opportunities to provide more. The Statistics Act 1975 makes provision for both Government and Non-Government departments to have access to this microdata. Government departments undertaking research for public benefit can be granted access to microdata in the Data Laboratory. Non-departmental researchers can be contracted to Statistics NZ to undertake research that fits with the purpose of Statistics NZ and the Official Statistics System (OSS), and will produce outputs of significant benefit to Statistics NZ.

An example of a comprehensive dataset being used by researchers is the prototype Longitudinal Business Database (LBD). The LBD is a longitudinal dataset of integrated business-related data. Its length, breadth and depth make it a powerful tool.

- Length – annual data for 2000–2007 (some data is available for earlier and later years)
- Breadth – population coverage and imputation ensures that key financial data is available for a census of enterprises
- Depth – range of data includes information on business demographics, financial data, employment, goods exports, government assistance, and management practices.

The backbone of the LBD is the Longitudinal Business Frame (LBF). This is a longitudinal register of all New Zealand businesses and includes demographic data. Administrative data from other government agencies, including Inland Revenue and the New Zealand Customs Service, is linked to the LBF, along with a number of Statistics NZ sample surveys that measure business practices and performance.

Recent research, which used the LBD, includes a paper from Dave Mare (MOTU) titled *"Agglomeration Elasticities in New Zealand"*. This paper uses longitudinal firm level data from the LBD to estimate the relationship between agglomeration and multi factor productivity. Richard Fabling (RBNZ), Arthur Grimes (MOTU; University of Waikato) and Lynda Sanderson (RBNZ) also recently produced a paper using the LBD, *"Whatever next? Export market choices of New Zealand firms"*. This paper examines product and market entry choices of New Zealand exporters. Another example is Michele Morris and Philip Stevens' (MED) paper entitled *"Evaluation of a New Zealand business support programme using firm performance micro-data"* which presents an evaluation of the impact of a New Zealand government support programme on participating firms using a new firm-level panel dataset from 2000 to 2006.

For more information see Richard Fabling's paper *"A rough guide to New Zealand's Longitudinal Business Database"*: <http://www.rbnz.govt.nz/research/profiles/3237165.html>

Or contact Gary Dunnet: (04) 931 4650, Gary.Dunnet@stats.govt.nz

Julia Gretton: (04) 931 4773, Julia.Gretton@stats.govt.nz

Links to research papers:

Agglomeration Elasticities in New Zealand:

http://www.motu.org.nz/publications/detail/agglomeration_elasticities_in_new_zealand

Whatever next? Export market choices of New Zealand firms:

<http://www.rbnz.govt.nz/research/profiles/3237165.html>. []

NZAE 2010 CONFERENCE

The 51st NZAE Annual Conference is drawing near. This year, the conference is being held jointly with the Law and Economics Association of New Zealand (LEANZ), and the venue is the new University of Auckland Business School. It will be held from 30 June to 2 July.

We are pleased to announce that the following international scholars will be keynote speakers for the conference:

- **Wolfgang Kasper**
(Professor Emeritus, University of New South Wales)
- **David Hensher**
(Professor and Director, Institute of Transport & Logistic Studies)
- **Peter Kennedy**
(Professor Emeritus, Simon Fraser University, Department of Economics)
- **Jeanne Schroeder**
(Professor, Benjamin N. Cardozo School of Law)

Biographies for the keynote speakers are provided below.

We are now accepting submissions via the web. The submission website is at <https://editorialexpress.com/conference/NZAE2010>. Instructions for making submissions are available on the Association website: www.nzae.org.nz. Submissions close on 31 March 2010.

Changes for this year include a quality-assurance process for all contributed papers and an expanded poster session. Awards include the Jan Whitwell competition for students or recent graduates, the Capital Market Prize, and prizes for the best poster in both Postgraduate and Open categories.

The registration website will open 28 March 2010.

The annual conference is a great opportunity to catch up with old colleagues and meet new ones. We hope to see you there.

WOLFGANG KASPER

Wolfgang Kasper, now an emeritus, held the foundation Chair in Economics (1977-1999) on the Defence Force Academy campus of the University of New South Wales.

After formative years in post-war West Germany and Switzerland and a doctoral thesis in international finance, he worked on the staff of the German Council of Economic Advisors, the Kiel Institute of World Economics, as a Harvard University Advisor to the Malaysian Minister of Finance, the Australian National University, the Reserve Bank of Australia, OECD in Paris, and the Fed of San Francisco.

Kasper has a long record of research and consulting for international business and governments, including East-Asian and Pacific countries. He has written and lectured widely on the role of institutions in economic development and has authored

some 20 monographs and over 200 articles. He contributes occasional articles to Australian and overseas newspapers.

Kasper is an elected member of the Mont Pèlerin Society, an international academy, and serves on the Academic Advisory Council of the Centre for Independent Studies in Sydney.

Selected publications

(with M.E. Streit), *Institutional Economics – Social Order and Public Policy* (Cheltenham, UK-Northampton, MA: E. Elgar, 1998).

Losing Sight of the Lodestar of Economic Freedom – A Report Card on New Zealand's Economic Reforms (Wellington, NZ: New Zealand Business Roundtable, 2002).

In Defence of Secure Property Rights (Sydney: Centre for Independent Studies, 2003).

The Environment, Human Creativity and Sustained Prosperity, in T. Daya-Winterbottom (ed.), *Resource Management: Theory and Practice* (Auckland: NZ Resource Management Law Association, 2007) ([2007] RM Theory & Practice).

DAVID HENSHER

BCom(Hons) PhD UNSW; FASSA; FCIT; FAITPM; CompIEAust; MAPA

Professor of Management;

Director, Institute of Transport and Logistics Studies

David Hensher is Professor of Management, and Founding Director of the Institute of Transport and Logistics Studies (ITLS): The Australian Key Centre of Teaching and Research in Transport Management at The University of Sydney. David is a Fellow of the Academy of Social Sciences in Australia (FASSA), Recipient of the 2009 IATBR (International Association of Travel Behaviour Research) Lifetime Achievement Award in recognition for his long-standing and exceptional contribution to both IATBR as well as to the wider travel behaviour community. He is also the recipient of the 2006 Engineers Australia Transport Medal for his lifelong contribution to transportation, and recipient of the 2009 Bus NSW (Bus and Coach Association) Outstanding Contribution to Industry Award.

He is a member of the Singapore Land Transport Authority International Advisory Panel (Chaired by the Minister of Transport), and Past President of the International Association of Travel Behaviour Research. David is the Co-Founder of The International Conference in Competition and Ownership of Land Passenger Transport (the Thredbo Series), now in its 21st year. David is on the editorial boards of 10 of the leading transport journals and Area Editor of *Transport Reviews*. He is also series and volume editor of a handbook series "Handbooks in Transport". He has published extensively (over 435 papers) in the leading international transport journals and key journals in economics as well as 12 books.

PETER KENNEDY

BA, PhD Wisconsin

Professor Emeritus;

Simon Fraser University, Department of Economics

Peter Kennedy is Professor Emeritus at Simon Fraser University. He has held visiting positions at numerous universities over the years, including: Cornell, Wisconsin, The London School of Economics, Singapore, Deakin, Cape Town, Canterbury, Curtin, Adelaide, Otago and EERC (Ukraine), but has been based at Simon Fraser University for the majority of his career.

He has been the recipient of four awards for excellence in teaching, and the Villard Award for research in economic education. He has written, and is best known for, his textbooks *A Guide to Econometrics and Macroeconomic Essentials for Media Interpretation*. Peter is an associate editor of the *International Journal of Forecasting*, the *Economics Bulletin* and *The Journal of Economic Education*, where he holds the responsibility for editing its research section.

Peter has many publications, with recent publications in econometrics in the areas of forecasting qualitative variables, unit root testing, applied econometrics, methodology and pedagogy.

JEANNE SCHROEDER

BA, JD Stanford

Professor of Law;

Benjamin N. Cardozo School of Law

Professor Schroeder is a Professor of Law at Benjamin N. Cardozo School of Law, where she has been teaching since 1989. Prior to moving into teaching, she practiced law in corporate finance for 12 years as an associate at Cravath, Swaine & Moore and then as a partner at Milgrim Thomajan & Lee.

Her scholarly interests range from commercial law doctrine to feminist jurisprudential theory. Her current work is on recent amendments to Article 8 of the Uniform Commercial Code and in developing a feminist theory of law and economics incorporating the political philosophy of G.W. F. Hegel and the psychoanalytic theories of Jacques Lacan. Her book on this subject, *The Vestal and the Fasces: Hegel, Lacan, Property, and the Feminine*, was published in 1998.

Her second book in this vein, *The Triumph of Venus: The Erotics of the Market*, published in 2004, explicitly engaged with economic theory. Professor Schroeder argues that utilitarian and romantic views of the market are flawed, because they both assume that market relations are atomistic and rational. Drawing on Continental philosophy, she describes the complexities of economic relationships from the point of view of human beings. []

Action research

Stuart Birks (k.s.birks@massey.ac.nz)

"Action research" is relevant for economists as an alternative perspective on policy making and implementation. Egon Guba, in the forward to Ernest Stringer's book on the subject, writes:

We have witnessed, over the past half-century or so, determined efforts to find general solutions to social problems...The cost to national economies has been prodigious, and there is precious little to show for it...It ought to be apparent by now that generalized, one-size-fits-all solutions do not work... Without intimate knowledge of local context, one cannot hope to devise solutions to local problems. All problems are de facto local; inquiry must be decentralized to the local context. (p.ix)

The approach highlights the importance of circumstances specific to individual cases. It is suggested that, even when general rules are possible, they only address part of the story. Superior policies would involve a change in "our vision of service professionals and administrators from mechanic/technician to facilitator and creative investigator" (p.3).

There are many reasons why such a change could cause problems, some of which are well covered in the "rules versus discretion" debate. However, the basic reason for the alternative vision is worth noting. Common analyses using economics and econometrics tend, from an early stage, to be reduced to a search for generalisable findings arising from an economic-theory-based view of the world.

The quantitative estimation aspect of this approach has been criticised by Mende (2005) on the basis that it overlooks consideration of conceptual aspects. Consequently, with the major issues assumed away, it can do little to enhance understanding. Evidence is only sought within existing frameworks. There are serious issues for policy also.

It may be politically naive to think policy determination is based on economic analyses, but, were this to be the case, we should probably be concerned. Many econometric analyses give weak explanations, as is shown for example by low R-squareds. This could be because of data and functional form limitations (see "Regression -false negatives", AI No.27, p.15). Action research suggests another difficulty.

The basic premise of action research is that individual cases have their own determinants, and only a small part of the story is given by generalisable factors. This may often be the case. The Commerce Commission (2004, p.32) voiced its reservations about the relevance of economic theory and models in its work for this very reason. This raises two questions:

What is the value of our research if we, as economists, focus on research methods which assume away much of the problems we are investigating?

If we make policy recommendations on the basis of our research, and others then listen, are we (a) imposing a rigid and commonly unsuitable structure, or (b) leaving much of the implementation the discretion of others (such as lawyers and judges) with limited training in the issues and even less accountability for the results of their actions?

Commerce Commission (2004). *Commerce Commission Mergers and Acquisitions Guidelines*, available from: <http://www.comcom.govt.nz//Publications/ContentFiles/Documents/MergersandAcquisitionsGuidelines.PDF>

Mende, J. (2005). The poverty of empiricism. *Informing Science Journal*, 8, 189-210.

Stringer, E. T. (2007). *Action research* (3rd ed.). Los Angeles: Sage Publications. []

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 University of Waikato. 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**.

Current Research in Progress by the Department of Economics, University of Waikato

Sayeeda Bano has research interests concerning international trade and international finance. Topics include economic integration, and closer economic relations (FTAs, CEPs, ASEAN, SAARC, WTO), trade policy issues, intra- and inter-industry trade, trade in services, trade modelling and estimation (various patterns of trade intensities indices, trade potential indices, trade reciprocity indices, static and dynamic revealed comparative advantage, trade complementarity indices), exchange rate volatility and balance of payments issues (NZ- China FTA, NZ- India FTA, ASEAN-NZ trade, New Zealand Kiwi-Fruit Exports).

Michael Cameron has a wide research agenda that includes topics on the nexus of health, development and population. He is currently leading a project investigating The Impacts of Liquor Outlet Density in Manukau City (with Bill Cochrane, Kellie McNeill, and others), and is part of FRST-funded projects on the economic impacts of ageism (with Ted Zorn and others), subjective wellbeing in an ageing population (with Peggy Koopman-Boyden), and population and land use impacts of climate change (with Daniel Rutledge, Jacques Poot, and others). He also has ongoing research projects on the impacts of HIV on sustainable livelihoods (with Steven Lim, Vitarina Takana, and others), the value of statistical life in the context of HIV (with Steven Lim, John Tressler, and Ric Scarpa), the private demand for an HIV vaccine (with Steven Lim, John Tressler, Ric Scarpa, Peter Newman, and others), rural agricultural change and sustainability in the Waikato region (with Patrick Barrett, Bill Cochrane, and Kellie McNeill), dairy productivity in New Zealand (with Kendon Bell), the regional economic impact of Waikato University (with Clare Old), and sub-national stochastic population projections (with Jacques Poot).

Graeme Doole has research interests involving the use of mathematical modelling to improve insight of how best to manage agricultural and natural systems. He is employed as a Research Fellow at the University of Western Australia and also as an Honorary Lecturer at the University of Waikato. His current research involves a number of projects. First, he has been investigating cost-effective policy options for improving water quality within the Waikato River by decreasing nitrate leaching from dairy farming systems. Second, as part of a large research team, he is currently investigating cost-effective ways of reducing phosphorus enrichment of Australian lakes in low-rainfall areas. Third, with a number of other collaborators, he has been investigating ways of improving the probability that

mine sites are re-vegetated by improving the ways that mining companies are regulated through the use of bonds. Fourth, he is constructing a detailed model of a New Zealand dairy farm to conduct comparisons of different mitigation technologies at the farm level. Finally, he is currently hired as a consultant by the Bill and Melinda Gates Foundation to provide advice to improve the allocation of funds to agricultural research.

John Gibson is currently working on four areas of empirical microeconometrics: a. impacts of roads on land use in China, using GIS data with spatial and matching approaches to econometric testing (with Scott Rozelle at Stanford, Susan Olivia at Melbourne, Emi Uchida at Rhode Island and colleagues at the Chinese Academy of Sciences); b. impacts of migration to New Zealand on health and wealth of immigrants, and their left-behind family in the Pacific, using randomization from a migration lottery to benchmark non-experimental estimators (with David McKenzie at the World Bank, Steve Stillman at Motu and Halahingano Rohorua at Waikato and supported by the Marsden Fund); c. impact of measurement errors on food demand equations, using household survey data (with Bonggeun Kim at Seoul National University and Scott Rozelle); and d. impacts of shocks and of homeownership on individual, household and community outcomes in New Zealand (with colleagues at Motu, and supported by the Marsden Fund).

Arthur Grimes investigates topics related to infrastructure, cities, housing and homeownership. Another strand deals with firm productivity. Within the first strand, Arthur and co-authors at Waikato and Motu are examining: (a) empirical evaluations of the effects of various infrastructure investments on economic and social outcomes (including Auckland rail upgrades, port and airport facilities, and local authority infrastructure and amenity developments); (b) the implications for cost-benefit analyses that flow from various theoretical complications relative to a simple base-case CBA; (c) impacts of 1990s state house sales on neighbourhood outcomes (plus a descriptive analysis of the nature of communities in which state houses were sold); (d) impacts of homeownership on various community outcomes, including school board of trustee voting participation; (e) analysis of whether there is a single or multiple long term housing market both across New Zealand and trans-Tasman. Within the second strand, Arthur and co-authors are examining the determinants of NZ exporter decisions to hedge exchange rate risk, including

an examination of the consistency of their hedging policy over time; and determinants of export market entry. They are also exploring impacts of firms' human resource practices on firm performance. Arthur was recently a member of the Tax Working Group and co-wrote a paper on land and property taxes.

Mark Holmes is primarily concerned with research in the areas of applied macroeconomics and international finance. Specific projects currently underway include international financial integration and the term structure of interest rates (with Jesus Otero and Theodore Panagiotitis); Stock market volatility and the impact of private investment (with Nabil Maghrebi); Entropy and the usefulness of confidence indicators (with James Mitchell and Brian Silverstone); Structural breaks and nonlinearities in Okun's Law (with Abhijit Sharma and Theodore Panagiotitis); Budget deficits and the convergence of capital markets (with Ping Wang); The relationship between the current account and budget deficits. Other topics include the nature and drivers of regional house price convergence (with Arthur Grimes). In working on these projects, Mark has an interest in the application of time-series econometric techniques.

Steven Lim gained his PhD from the University of Adelaide in 1996, analysing the optimality of China's development strategies and its economic reforms. Since then his research interests have broadened to include economic growth accounting, network effects in e-commerce, the relationship between HIV/AIDS and poverty, the social and community health impacts of trade liberalisation, sustainable community livelihoods, the economics of landmine clearing, economic growth and the environment, the evolution of China's economy, and the role of business in sustainable economic development.

Dave Maré is an Adjunct Professor in the Economics Department and is a member of the team that is working towards the establishment of the National Institute of Demographic and Economic Analysis (NIDEA) at Waikato. Dave's current research focuses on economic geography. Together with his colleagues Andrew Coleman (Motu) and Prof Phil McCann, he is working with MED's GUEDO office to examine the determinants of business and residential location patterns in Auckland. He is also extending his work on Auckland's economic performance and role, to look at the functioning of other cities within New Zealand. As part of Motu's FRST-funded research programme on Infrastructure, led by Arthur Grimes, Dave will be examining the impact of infrastructure investments on labour market behaviour in Auckland. Other current research interests include the analysis of productivity change in New Zealand (with Dean Hyslop as part of the Dept of Labour's LEED research programme), examining the covariation of income and consumption (with Steve Stillman, funded by Statistics New Zealand's OSR fund), and contributing to a Marsden Fund-funded project examining individual and household responses to economic shocks, also with Steve Stillman. Dave is also a Senior Fellow with Motu Research.

Dan Marsh is Chairperson of the Department. His major research interest focuses around reduction of the environmental impact of agriculture in New Zealand. He has collaborated with Graeme Doole and T. Ramilan in catchment simulation modelling to identify abatement costs and optimal abatement strategies in an upper Waikato dairy catchment. He has conducted several choice experiments to investigate the benefits from policies that would improve water quality in the Waikato hydro lakes. He is also working with a PhD student to use revealed preference data to research the value of water quality in the Rotorua Lakes.

Philip McCann has been discussing the issues raised in his recent NZEP paper - "Economic Geography, Globalisation and New Zealand's Productivity Paradox", 2009, New Zealand Economic Papers, 43.3, 279-314 - with a range of interested parties in order to communicate the insights which can be provided by an economic geography perspective regarding many of New Zealand's internal and external economic issues. Philip gave two Motu Public lectures in early December 2009 plus a lecture at the Reserve Bank of New Zealand in March 2010, as well as a thirty minute interview on 4 December 2009 on "Afternoons with Jim Mora" on Radio New Zealand. The NZEP paper and the various lectures have received widespread coverage in the NZ media. Philip has also been working with MED and other ministries to explore the various policy options which arise from this analysis.

Jacques Poot is objective leader in the 2007-12 FRST-funded programme *Integration of Immigrants*, concerned with economic outcomes for immigrants in relation to their length of stay in New Zealand; including sub-projects on occupational mismatch, Dutch migrants and immigrant clustering in Auckland. He is also co-principal investigator of a 2009-13 European research programme called *Migrant Diversity and Regional Disparity in Europe* which looks at a range of economic impacts of the scale, composition and diversity of immigration at the regional level across EU countries (including innovation, consumption, and trade effects). Building on the 2006-10 FRST-funded programme *Choosing Regional Futures*, he and Michael Cameron are working on developing methods for stochastic population projections at the regional level in New Zealand, including models that incorporate the impacts of climate change. With Philip McCann, Arthur Grimes and PhD students Bill Cochrane and Matt Roskrugge, he is working on models of regional growth that explicitly account for investment in physical infrastructure and social capital (FRST-funded 2006-2010). Other projects include: nonlinear dynamical models of international migration and travel of professionals and business people; tests of competing theories of agglomeration; cyclical variation in fertility; a survey of meta-analysis in economics; and regional development in Brazil.

Ric Scarpa has research interests that focus on the development of methods to value non-market goods, especially in the field of environmental goods, such as quality of sites used for outdoor

recreation and the rural landscape. He is also generally interested in the econometric modelling of qualitative choice. His recent effort is directed towards the policy relevance of taste heterogeneity, its geographical variation and the explicit consideration of different attribute processing strategies in qualitative choice modelling. Some of his empirical research is also based on correcting for the disparity between willingness to pay estimates from hypothetical and real choices.

Brian Silverstone has joint projects related mainly to the firm-level analysis of the NZIER's *Quarterly Survey of Business Opinion* and Statistics New Zealand's gross labour market flows data. The NZIER projects include 'Insights into Business Confidence using Firm-Level Panel Data' and 'Consensus and Dissension within the NZIER Survey of Business Opinion'. Surprisingly, perhaps, the determinants of business confidence have not been studied closely, especially from a panel data perspective. Understanding consensus and dissension within a business survey may give additional insights into business uncertainty. The gross flows project with Statistics New Zealand uses a relatively neglected data series from New Zealand's Household Labour Force Survey to study aspects of labour market flows between employment, unemployment and non-participation.

Steven Stillman is currently researching the effects of public policy, institutions and other forms of uncertainty on various aspects of wellbeing in New Zealand, Australia and the Pacific Islands. He runs, along with John Gibson and David McKenzie, the Pacific Island-New Zealand Migration Survey (PINZMS) and the Samoa Labour Mobility Survey (SLMS). They are currently working on papers which examine migrant selectivity and the impact of migration on blood pressure and hypertension. He is also working on two interrelated Marsden funded projects with Dave Maré, Arthur Grimes, John Gibson and Trinh Le. In current work, they are examining savings patterns, the relationship between the location of state owned housing, the quality of local amenities and house prices, and the relationship between homeownership and parental participation in school board elections. In other work, Steve and Malathi Velamuri are examining the impact of crime victimisation and incarceration on labour market outcomes and well-being in Australia, and the extent to which returns to human capital differ in New Zealand and Australia for otherwise similar workers. He is also working with Jackie Cumming on a project which examines the impact of the NZ Primary Health Care Strategy on the fees that individuals pay for health services and how this impacts on their utilisation of services.

Anna Strutt has research interests primarily in area of global trade modelling and policy analysis. Current projects include: Modelling trade and sectoral impacts of the global financial crisis (with Terrie Walmsley, Purdue University); Global CGE modelling of land-use changes, energy and GHGs (with Allan Rae, Massey University and Landcare Research); Impact of increased phytosanitary treatments for wood packaging material

(with James Turner, Scion Research); Assessing socioeconomic impacts of infrastructure development and poverty reduction in the Greater Mekong Subregion (with Susan Stone, OECD and Tom Hertel, Purdue University).

John Tressler is continuing his research on the evaluation of research productivity rankings with applications to New Zealand economics departments and New Zealand economists. Work in progress includes: an assessment of the impact of PBRF on returns to research quantity and quality, the determinants of research productivity, and the evaluation of citation based journal weighting schemes and direct citation information. This work is being undertaken with David Anderson from Queens University in Canada and with John Gibson on some applications. John is also undertaking research on the valuation of risk associated with HIV/AIDS as part of a research team that includes Steven Lim and Michael Cameron. []

WHAT'S AHEAD?

By Anthony Byett

Mark these future events in your calendar

There is no shortage of economic talks around the country, judging by the list now collated at www.nzae.org/conferences/general. In the second half of March there were 17 talks listed on the website ranging from indigenous health to climate change, with presenters from Denmark to Minneapolis, at venues from Auckland to Dunedin. Some are University seminars, others are general talks at private and public institutions. Generally entry is unrestricted and free, subject to prior appointment in some cases.

The website is updated 2-3 times per month for the NZAE by Anthony Byett, mostly drawn from information on other websites but feel free to provide details of other talks of relevance to economists to Anthony directly (anthony.byett@xtra.co.nz).

Events coming up in the next few months include:

- **30 April – University of Otago.**
“Does part-time employment help or hinder lone mothers' movements into full-time employment?”
by Roger Wilkins from University of Melbourne.
- **28 June – University of Waikato.**
“Teaching Economics Conference 2010: Frontiers in economics teaching” conference.
- **30 June – University of Auckland.** NZAE conference.
- **6 August – University of Canterbury.**
“Droughts, Floods and Financial Markets in the United States” by Hugh Rockoff of Rutgers University.

Just some of the 35 currently listed events for April – October, with more to come yet. Stay posted. []

EDITOR

New Zealand Economic Papers

Professor Ananish Chaudhuri concludes his term as Editor of *New Zealand Economic Papers* with the publication of Volume 43(4) in December 2010. During Ananish's term as editor the number of issues has increased from two to three per year (and is expected to increase to four issues per year from 2011) and the journal is now published by Taylor and Francis, under the Routledge imprint, with full online submission facilities.

The Association wishes to appoint a new Editor for the next 3 volumes (2011 to 2013), who will maintain the very high standard that Ananish has set. To this end the Council of the Association has established a Search Committee chaired by Stephen Knowles (NZAE Vice-President) to recommend a new editor. The other two members of the Search Committee are Franck Scrimgeour and Arthur Grimes. The Search Committee will report to Mary Hedges, the NZAE President. The Search Committee is happy to receive nominations or expressions of interest which include a statement of interest and a current CV. These should be emailed to Stephen Knowles (stephen.knowles@otago.ac.nz) before 16 July 2010. Interested parties may obtain further information from Stephen Knowles at the email address above or by phone (03) 479 8350.

POSITION

- The job is to edit and produce an academic journal of four issues per year which is readable and relevant to economists generally and Australasian readers in particular.
- The Editor is expected to maintain the established tradition of credible economic scholarship but is free to develop his/her own editorial policy. Any written policy must be approved by the NZAE Council.
- The Editor is expected to have a demonstrable commitment to the New Zealand Association of Economists that includes attendance at Council meetings and the Annual Conference.
- *New Zealand Economic Papers* is expected to include original research, surveys, policy analyses and book reviews.
- The Editor will maintain a fair, efficient and rigorous refereeing process.
- The Editor will report to the NZAE Council twice a year concerning the Editorial duties and key journal statistics.

APPOINTMENT

- The Editor will be appointed for 3 volumes (2011 to 2013) and will start receiving manuscripts before the end of 2010.
- The terms of appointment will be confirmed in writing by the President of the Association.
- The agreement can be broken by either party upon giving six months notice in writing to the other party.

STIPEND

- The Editor will be paid a stipend of NZ\$4,000 per year. []

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

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.

WEB-SITE

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

MEMBERSHIP FEES

Full Member: \$120 | Graduate Student: \$60 (first year only)
If you would like more information about the NZAE, or would like to apply for membership, please contact:

Bruce McKeivitt - Secretary-Manager,
New Zealand Association of Economists
PO Box 568, 97 Cuba Mall. WELLINGTON 6011
Phone: 04 801 7139 | fax: 04 801 7106
Email: economists@nzae.org.nz

MEMBER PROFILES WANTED

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

NEW MEMBERS

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

Gareth Stiven (Auckland City Council); **Benjamin Gusson** (University of Auckland); **Matthew Gibbons** (Treasury); **Lisa Meehan** (Treasury); **Charlotte Salathiel** (Powerco); **Penny Mok** (MED); **Anne Chronican** (Statistics NZ); **Dr Don Webber** (AUT); **Adam Naiman** (Christchurch City Council); **Hamish Stevens** (Self employed); **Jauhari Dahalan** (Univ of Malaysia); **Philip Gunby** (Univ of Canterbury); **Chye-Ching Huang** (Univ of Auckland Business School); **Nicholas Giera** (Nimmo-Bell & Co Ltd); **Stephanié Rossouw** (Auckland University of Technology); **Hugh McDonald** (Motu Research); **Chris Young** (Motu Research); **Gerald Minnee** (NZ Treasury). []

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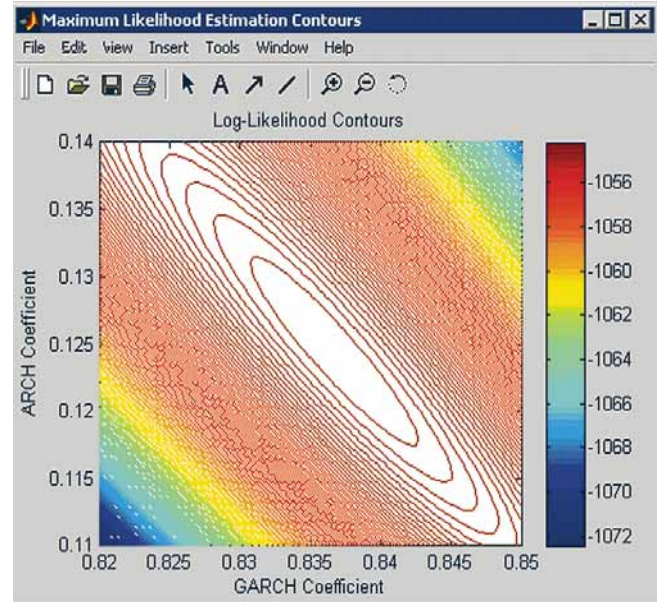
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