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**The Australian National University  
Research School of Social Sciences**

# **Economics Group**

## **Annual Report 1998**

**Economics Program  
&  
Centre for  
Economic  
Policy  
Research**

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*Photography: Coombs Photography ANU.*

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# Economics Program

## Staff and Visitors

### **Head, Division of Economics and Politics RSSS,**

#### **Professor of Economics and Head of Program**

Professor R.G. (Bob) Gregory, BCom(Melb), PhD (Lond), FASSA, AO

#### **Professor of Economics**

Professor Adrian Pagan, BEc(Qld), PhD, FASSA

#### **Coghlan Professor of Economic History**

Professor Graeme Snooks, MEc(UWA), PhD(Cantab), FRHistS, FASSA

#### **Fellow**

Dr Deborah Mitchell, BEc(Syd), MA(York), PhD

#### **Research Fellows**

Dr Deborah Cobb-Clark, BA, MA (Michigan State), PhD(Univ of Michigan)

Dr Phillip McCalman, Bcom(Hons), Mcom(Hons), PhD(Wisc) (from May)

Dr Dhammika Dharmapala, BEc,MEc(UWA), PhD(UC Berkeley) (from Sept)

#### **Visiting Fellows**

Dr Tom Crossley, York University, Canada

Dr Michael Keating, AC, FASSA, FIPAA, Canberra

Professor Ali Khan, Johns Hopkins University

Professor Louis Maccini, Johns Hopkins University

Professor Emeritus John Pitchford, ANU

#### **Short-Term Visitors**

Dr Michael Baker, University of Toronto

Dr Dwayne Benjamin, University of Toronto

Dr Robert Breunig, Faculty of Economics and Commerce, ANU

Dr Marie Connolly, Chatham College, Pittsburgh

Dr Meredith Edwards, University of Canberra

Dr Lance Fisher, University of New South Wales

Dr Geoff Hamilton, University of Toronto

Dr Boyd Hunter, Centre for Aboriginal Economic Policy Research, ANU

Dr Jan Jacobs, University of Groningen

Professor P.N.(Raja) Junankar, University of Western Sydney, Macarthur

Dr Michael Keating AC, Canberra

Dr Keiko Shimono, Nagoya City University

#### **Divisional Administrator**

Ms Rae Carson

#### **Program Administrator**

Ms Stephanie Hancock

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### **IT Support**

Mr Wayne Naughton, BSc(Adel)

Ms Margi Wood, BEc(Hons)(Flin), GradDip Computing Studies (CCAЕ)  
(part time)

### **Research Assistants**

Ms Yvonne Dunlop, BEc(Syd) (part time)

Ms Eva Klug, BAppSci(CCAЕ) (part-time)

## **Postgraduate Students and Research Topics**

**Annie Abello** *BEc, BStats(UP), Grad DipEcDev, MEcDev(ANU)*

Commenced 1994

The Deterioration in the Economic Wellbeing of the Indigenous People of North America, 1980-1990

**Richard, Dennis** *BCom, MCom(Canterbury NZ)*

Commenced 1997

Analysis of Monetary Targets

**Matthew Gray** *BEcHons(Adel)*

Commenced 1996

The Australian Youth Labour Market in Transition

**Jeni Klugman**

Commenced 1996

An Empirical Analysis of Labour Markets in Transition: The Case of Uzbekistan

**Amy Liu** *DipEconHons(Hong Kong Baptist Coll.)*

*MA(Econ) (Washington State)*

Commenced 1994

Children's Time Use and Households in Vietnam

**Yew May Martin** *BAModLang/Econ(UCan), GradDipEcons, MEcDev(ANU)*

Commenced 1996

Labour Supply for Women with Children



*L to R: PhD students Yew May Martin, Amy Liu and Yi-ping Tseng at the conference Equity and Efficiency in the Australian Labour Market*

**Vladimir Pavlov** *MEc(New Economics School, Moscow)*

Commenced 1995

The Efficiency of Financial Markets

**Kirill Sossounov** *MEc(New Economics School, Moscow)*

Commenced 1997

Indeterminacy in Business-Cycle Theories

**Phan Dinh Thé** *BA(NEU Hanoi), GradDipEcon, GradDipDemog, MEcDev(ANU)*

Commenced 1996

Economics of Multiple Job-Holding: An Application of Discrete Choice Models to Vietnam

**Yi-Ping Tseng** *BSc Economics (National Taiwan University)*

Commenced 1995 (joint with Australia-Japan Research Centre)

Changes of Wage Structures in Taiwan Over the Past Two Decades

**Andrew Waite** *BEC(Adel)*

Commenced 1997

Australian Competition Policy

## Students Awarded the PhD

### **Mardy Dungey**

School of Business, La Trobe University  
Thesis: *Intentional Influences on the Australian Economy*

### **Kieron Meagher**

School of Economics, University of New South Wales  
Thesis: *The Economics of Management Structures*

### **Mark Rogers**

The Melbourne Institute, University of Melbourne  
Thesis: *The Diffusion of Knowledge and Economic Growth*

### **Lou Will**

School of Business, La Trobe University  
Thesis: *Australian Non-English Speaking Background Immigrants' Income*

## Students Who Left the Program and Current Affiliation

### **Annie Abello**

National Centre for Social and Economic Modelling, University of Canberra.

### **Amy Liu**

National Centre for Development Studies, Australian National University

## Vacation Scholars And Research Topic

### **Mr Leon Berkelmans**, Faculty of Economics, ANU

Incomplete Contracts and the Theory of the Firm

### **Mr Duy Tran**, University of New England

Investigating Some Methods for Estimating Long-run Supply Elasticities

## Economics Program Overview

In most OECD countries welfare expenditure increased during the 1970s and 1980s along with rising unemployment, changing family structures and ageing populations. In some countries, particularly the UK, the US, New Zealand and Australia, wage inequality increased markedly. In response to these trends many governments are gradually transferring more of the responsibility for social security and welfare arrangements back to the family and individual. They are also increasing income support for the growing number of low paid. Questions such as the following are generating considerable research interests: Has the social security system protected the poor from falling incomes? Has increased income support affected incentives for work?

The Economics group in RSSS is responding to these shifting research priorities and is developing a closer relationship with the Department of Family and Community Services (DFaCS). At this stage the relationship has taken two forms: involvement in the major conference, *Income Support, Labour Markets and Behaviour: A Research Agenda* (see the CEPR Report) and the provision by DFaCS of two PhD scholarships. The close relationship with DFaCS will enable the students to become more aware of policy issues, to access data not normally available and perhaps to make some contribution to policy development.

The role of the welfare state is also an important issue in developing countries. China, for example, is beginning to develop a welfare system in response to a shift towards a market economy and rising unemployment. For China the key issue is how much of the welfare support should be provided by the state and how much by the traditional means of the family. One of our new students will work on conceptual issues related to social security issues in China and will work with the two DFaCS students.

Dr Deborah Mitchell, an expert on the welfare state, will be an important source of advice. She has played a major role in the development of the social security system in Yemen through a consultancy with the World Bank. Her recommendations are currently being implemented. Although her current research focus is mainly on Negotiating the Life Course she still has a strong interest in the welfare state.

Another emerging Australian policy development is immigration. The Australian government is reducing immigration intakes relative to the past. The Australian Business Council, however, has begun to argue and lobby for higher immigration inflows, especially of skilled immigrants.

The economics group is in a good position to contribute to the emerging policy debate. Dr Deborah Cobb-Clark has been working for some time on the labour market impact of the US Immigration Reform and Control Act 1986 which provided amnesty for illegal immigrants. She has begun research on a new Australian longitudinal data set (LSIA) of recent immigrant arrivals which will

provide a unique opportunity to study the settling in process of different immigrant groups and the relationship between successful labour market outcomes and visa category. Her initial work with Professor Chapman has already attracted considerable media attention. They are also working on the impact of immigration on the employment prospects of Australian residents.

Professor Gregory is also involved in immigration research. He is part of an international comparative project with the Brookings Institution, USA and the Centre for Social Policy Studies in Israel. The project will attempt to identify the more successful immigrant settlement policies.

Economics and politics are intertwined in the development of public policy and economists are increasingly attempting to explain political processes. Dr Dhammika Dharmapala is extending his ideas developed in the US as to the effects of Committee structures on economic outcomes such as tax expenditures and direct subsidies. He is also looking at the effects of campaign expenditures on electoral outcomes. Dr Dharmapala was the recipient of the 1998 Outstanding Doctoral Dissertation Award of the National Tax Association for the best PhD thesis in the area of government finance and taxation submitted at any US or Canadian university in the previous year.

Dr Dharmapala also has an interest in immigration. He is looking at the political economy of US immigration policy 1880-1924. One special feature of the research is that it relies heavily on the US Census data over this period. In the US, after a certain period of time, researchers can access individual census records. The Australian Bureau of Statistics destroys individual records (in response to privacy provisions) and in this way Australia loses an important part of our history which was documented at large expense. Old census files are attracting considerable research attention in the US and are leading to reinterpretations of US history. It is a pity that we cannot use this research tool in Australia.

Dr Phillip McCalman arrived mid year. He is also working on the overlap between economics and politics. Dr McCalman is developing theoretical structures to enable him to compare the likelihood of achieving global free trade through a web of bilateral agreements with the probability of global free trade under multilateral negotiations. This work is being applied to the new and troubling policy issue of international agreements and to intellectual property rights.

Professor Pagan's position on the Board of the Reserve Bank is influencing his research interests and he is moving more towards assessing the role of macro modelling of the Australian economy, especially in a business cycle context. This year Professor Pagan delivered the prestigious Walras-Bowley Lecture at the North American Meetings of the Econometrics Society

As part of the School restructuring the Economic History Program was closed last year and Professor Graeme Snooks joined the Economics Group. Over the last

few years Professor Snooks has embarked on a series of books which trace the evolution of economies in the long run and attempt to put in place a richer analysis of economic growth than is provided by standard economic analysis. This year he published two books, both of which will attract considerable attention.

Two Economic History PhD students, Ms Julie Smith and Ms Jeni Klugman also joined the Economics group. Ms Klugman has published four or five papers while completing her PhD in just two years. Ms Smith who has also published a number of papers, shared the International Tax Reform Challenge Prize with a doctoral student from Nuffield College, Oxford.

## Honours and Awards



**Dr Dhammika Dharmapala:**  
*1998 Outstanding Doctoral Dissertation Award, National Tax Association.* This award is presented annually by the National Tax Association (a professional US organisation of economists and others interested in taxation issues) for the best PhD thesis in the area of government finance and taxation submitted at any US or Canadian university in the previous year.

**Professor Adrian Pagan:**  
*Econometric Society 1998 Walras-Bowley Lecturer, Econometric Society Summer Meetings, Montreal.*

The prestigious Walras-Bowley Lecture is presented annually at the North American meetings of the Econometric Society. It would appear that no other Australian has been invited to give the Lecture but there is an interesting antipodean connection. The 1966 Lecture was given by the late Professor Bill Phillips (a New Zealander), while he was at the London School of Economics. Professor Phillips was Pagan's PhD supervisor at the ANU.



**Ms Julie Smith (doctoral student):**  
Co-winner (with Michael Plumb, Nuffield College Oxford) of the \$25,000 *International Tax Reform Challenge Prize* awarded for the essay 'Land Value Taxation'. The challenge was to refute the arguments for land value taxation. The judging panel was chaired by Professor Russell Matthews, and the award presented by Justice Rae Else-Mitchell

## Outside Grants

\$237,956 for three year (1997-1999)ARC/DEETYA Strategic Partnerships with Industry—Research and Training Support Grant (Dr J. Borland, Professor R.G. Gregory, with Professor P. Sheehan, Victoria University of Technology)

\$139,000 ARC Research Grant for three-year (1997-1999) project: Jobs, Gender and Inequality: A Comparative Study. (Dr J. Borland, Professor R.G. Gregory, with Professor P. Sheehan, Victoria University of Technology)

\$100,000 ARC Research Grant for two-year (1997-1998) project ‘Assessing Competing Theories of the Business Cycle in a Unified Framework’. (Professor Adrian Pagan, with Mr D. Harding and Dr P. Summers, Melbourne Institute, University of Melbourne)

\$163,963 Commonwealth Department of Family and Community Services, PhD Scholarships for research relevant to the provision of Australian government income support.

\$2000 Commonwealth Department of Family and Community Services for research into changes in the intergenerational distribution of male labour market income. (Professor R.G. Gregory)

## **Research Report**

### **US Big Winner At The Expense Of Developing Countries In Patent Reform**

**Philip McCalman**



The notion that an inventor should exercise exclusive control over their invention for a limited period of time is seen as offering a powerful incentive to pursue innovations. However, once a new product or way of doing things has been invented, the best thing from a societal perspective is to have this innovation applied as widely as possible, an objective that is not consistent with granting exclusive control over an innovation. This creates a fundamental tension between wanting an innovator to come up with something new, and the best way to utilise an innovation. While this tension is evident within countries, it becomes even more pronounced in a setting where innovations occur in one country but are applicable in many others. Defining intellectual property rights in a way that is best for a single country is not necessarily the way that serves the mutual interests of all countries. Recognition of this has led to numerous efforts to co-ordinate policy on intellectual property rights, most amounting to little because of the absence of an effective enforcement mechanism. However, the Uruguay round of trade negotiations saw the linking of trade policy and intellectual property rights in such a way as to give teeth to an agreement on intellectual property rights.

Part of my research has been directed at evaluating this agreement with particular focus on patent rights. As the agreement currently stands all of the 130 member countries of the World Trade Organisation will eventually have to adopt uniform patent laws of a twenty year duration covering all industries. This

requires many countries to rewrite their patent laws with major revisions for many developing countries.

My research program has been concerned with developing techniques to impute the value of patent rights in an international setting and then determine how the value of these patent rights change in relation to the agreement covering patents. The research has produced three major findings.

The first is that the methods developed do a good job of imputing the value of patent rights in an international setting. Second, prior to the agreement being implemented, not only does the United States have the richest portfolio of patent rights, but the value of their portfolio exceeds the combined portfolios of the twenty nine other countries included in the study. This underscores the activism shown by the United States in orchestrating the reform of the international patent system. The third finding relates to the distribution of benefits from the reforms. Strikingly the gains are shown to accrue to a only handful of developed countries, with the United States by far the largest beneficiary from the reform of the international patent system. One surprising result is that the largest contributor to the gains of the United States is Canada, making Canada the biggest loser from the reform process. Joining Canada as large contributors to the gains of the United States are developing countries such as Brazil, India and Mexico. For its part, Australia is revealed to be a marginal net loser, with the increase in the value of rights granted to citizens of other nations increasing just slightly more than the value of patent rights granted to Australia by other nations. The size and distribution of the gains and losses will no doubt keep debate on the subject of intellectual property rights lively, especially with the first review of the agreement scheduled for the year 2000.

McCalman, P. (1998) 'Reaping What You Sow: An Empirical Analysis of International Patent Harmonization', mimeo

## Joint Research

**Dr Deborah Cobb-Clark:** Immigration policy and the skills of immigrants in Australia, Canada and the United States. With Dr S. Trejo, University of California, Santa Barbara, and Heather Antecol, McMaster University.

The effect of legalisation on wage rates and women's sub-minimum pay and occupation concentration before and after Amnesty. With Dr S. Kossoudji, University of Michigan.

The impact of immigration on the employment prospects of residents. With Professor Bruce Chapman, ANU.

**Dr Dhammika Dharmapala:** The effects of the sources and concentration of campaign contributions on electoral outcomes in recent US House elections. With Dr K. Filip Palda, Ecole Nationale d'Administration Publique, University of Quebec at Montreal.

The impact of immigration over the 1880-1924 period on the educational and occupational choices of the native-born in the US. With Dr G. Gary Richardson, University of California at Berkeley.

A survey of signalling models of campaign expenditures. With Dr Andrea Prat, Center for Economic Research, Catholic University of Brabant at Tilburg.

**Professor Bob Gregory:** Asian immigration to Australia, Canada and the United States: A comparative analysis of labour market outcomes. With Professor J. Grogger and Professor S. Trejo, University of California, Santa Barbara, and Professor P. Kuhn, McMaster University.

Jobs, gender and inequality. With Professor P. Sheehan, Victoria University of Technology.

Melting pots and salad bowls: How three pluralistic societies deal with diversity and immigration. With Dr R. Litan and Dr K. Yaakov, Brookings Institution.

Is regulating the labour market an efficient instrument for achieving fairness? With Associate Professor S. Richardson, University of Adelaide.

**Dr Deborah Mitchell:** Negotiating the life course. With Professor P. McDonald and Professor F. Jones, ANU, and Dr J. Baxter, University of Tasmania.

**Professor Adrian Pagan:** Business cycle analysis. With Dr Don Harding and Dr Peter Summers, Melbourne Institute, University of Melbourne.

Problems of the GMM estimator. With Dr John Robertson, Federal Reserve Bank of Atlanta.

**Professor John Pitchford:** Growth as a determinant of inflation; labour demand and unemployment in Australia: insulation properties of flexible exchange rates. With Dr M. Dungey, La Trobe University.

## Conference and Seminar Presentations

### **Dr Deborah Cobb-Clark**

*Conference Papers:* 'Getting Ahead: The Determinants and Payoffs to Internal Promotion for Young Men and Women'. Conference of Economists, Sydney. September.

'Out of the Shadows of Unauthorized Employment: Women's Sub-minimum Pay and Occupational Concentration Before and After Amnesty'. International Women's Policy Research Conference, Washington DC. June.

*Seminars:* 'Out of the Shadows: Learning About Wages and Legal Status from the Unauthorized Population'. Presented at University of Melbourne, McMaster University, University of California, Santa Barbara, University of California, Davis, University of New South Wales.

### **Dr Dhammika Dharmapala**

*Invited Paper:* Tax Expenditures Versus Direct Subsidies: A Review of the Issues'. National Tax Association Annual Conference, Austin, Texas. November

*Conference Papers:* 'Campaign Contributions, Expenditures and Rational Voting Behaviour'. Public Choice Society meetings. New Orleans. March. Also presented to the Economic Theory Workshop, Australian National University. February.

'Campaign War Chests and Entry Deterrence'. Econometric Society Australasian meetings. Australian National University. July.

'Specific Investments and Holdup in "Riding to Hounds": *Pierson v. Post* Revisited'. Conference of Economists, Sydney. September.

'Endogenous Commodity Taxation Under Conditions of Asymmetric Information'. Public Finance Workshop, Australian National University. February.

*Seminars:* 'Campaign Contributions, Expenditures and Rational Voting Behaviour'. Presented at University of Chicago, Northwestern University, University of California, Berkeley, Stanford University.

'Comparing Tax Expenditures and Direct Subsidies: The Role of Legislative Committee Structure'. Presented at University of Melbourne and University of New South Wales.

### **Professor Bob Gregory**

*Keynote addresses:* 'Unemployment in Australia', People Together Conference, Melbourne.

'The Labour Market in the Years Ahead', Volunteering Australia, Canberra.

'The Labour Market, Reforms and Growth', Launch of the Centre for Full Employment and Equity, University of Newcastle.

'Filtering International Unemployment Experience into the Australian Policy Debate', Employment and Training Futures Conference, Western Australia Department of Training.

*Invited Conference Presentations:* 'Summing Up', Microeconomic Reform and Productivity Growth Workshop, Productivity Commission and Department of Economics, The Faculties, ANU. Canberra. February.

'The Labour Market and Child Care: The Macro Environment', Child Care and Employment Opportunities; The Changing Environment of the 1990s Workshop, Centre for Economic Policy Research, ANU. Canberra. March.

'What Do We Mean By an Unemployment Solution?', Unemployment and the Australian Labour Market Conference, Reserve Bank of Australia and Centre for Economic Policy Research. ANU. June.

'Employment and Growth: Does Industry Policy Matter?', Policy for Australia's Industrial Future Workshop, Department of Industry, Science and Resources, Committee for Economic Development of Australia (CEDA) and Public Policy Program, ANU. Canberra. July.

'Wages and Welfare', Fairly Efficient? Equity and Productivity in the Australian Labour Market Conference, Centre for Economic Policy Research and Reshaping Australian Institutions Project, ANU. Canberra. June.

'Summing Up', Measuring National Progress: Is Life in Australia Getting Better, or Worse? Conference, CSIRO, Australian Bureau of Statistics and the National Citizenship Project. Canberra. July.

'Australia's Economic Policy Challenges to 2001', Economic Policy Development Seminar, Centre for Economic Policy Research. Canberra. August.

'Women's Pay in a Changing Labour Market', High Level Conference, OECD, Ministry of Children and Family Affairs and Ministry of Labour and Administration, Norway. Oslo. October.

'Competing With Dad: Changes in the Intergenerational Distribution of Male Labour Market Income', Income Support, Labour Markets and Behaviour: A Research Agenda Conference, Department of Family and Community Services and Centre for Economic Policy Research, ANU. Canberra. November.

'Policy Implications and Reflections', Dusseldorp Skills Forum on The Learning and Work Circumstances of Australia's Young Adults. Canberra. December.

**Dr Michael Keating**

*Invited addresses:* 'The Australian Reforms of Public Management', Asian Development Bank, Manila. January.

'Decision Making and Cabinet Procedures', World Bank Seminar, Bangkok. January.

'Reforming Government Boards', AIC Conference, February

'The Public Sector: Independence, Responsibility and Responsiveness', Aust Institute, IPAA, CAPSM, March. Also seminar to Centre for Public Policy, University of Melbourne

'Asian Crisis - Comments on Garnaut', Economic Society, Canberra. February.

*Workshop Papers:* 'The East Asian Economic Situation', ANU. February.

'Industry Policy: What Can it Achieve and What Does this Imply for Policy Development?', Department of Industry, Science and Training and ANU Workshop. June.

*Lectures:* 'Public Administration: From Whence to Where?', Griffith University (Masters students). March.

Lectures on globalisation, public policy issues and the machinery for making public policy, Griffith University (undergraduate students). July-August.

**Dr Phillip McCalman**

*Conference Papers:* 'Multilateral Trade Negotiations And The Most Favoured Nation Clause', Econometric Society ESAM 98. Australian National University. July.

'Reaping what you Sow: An Empirical Analysis of International Patent Harmonisation', Conference of Economists, University of Sydney. September. Also presented to a seminar at University of Sydney.

*Seminars:* 'Multilateral Trade Negotiations and the Most Favoured Nation Clause', presented at ANU and University of New South Wales.

**Dr Deborah Mitchell**

*Invited Conference Papers:* 'Family Policy and the State', Women's Audit Symposium, University of Melbourne. April. (Forthcoming in L. Hancock (ed) *Women, Public Policy and the State*, Macmillan, 1999).

'The Life Course and the Welfare State', Redesigning the Institutions of Welfare, Work and Citizenship Conference, University of South Australia. November.

'Low Wages: Taking a Lifetime Perspective', Fairly Efficient? Equity and Productivity in the Australian Labour Market Conference, ANU. June.

*Seminars:* 'Low Wages and the Life Course', 'Australia at the Cross Roads - Social Policy, ANU.

'Social Policy and Governance (with Dr Michael Keating), Griffith University.

'Social Policy Beyond 2000', Melbourne Institute, University of Melbourne.

**Professor Adrian Pagan**

*Keynote Addresses:* 'Bulls and Bears', Walras-Bowley Lecture, Econometric Society North American Meetings, University of Montreal. June.

'The Present and Future Policy Uses of Computable General Equilibrium Models', Policy Analysis and Computable General Equilibrium Models Conference, Denmark. June.

'The Phillips Curve in Australia', The Return of the Phillips Curve Conference, Studientzentrum, Gerzensee, Switzerland. October.

'Knowing the Cycle', Theory and Evidence in Macroeconomics Conference, Bergamo, Italy. October.

*Seminars:* 'Knowing the Cycle', CEMFI, Madrid; Federal Reserve Bank of Atlanta.

'Shocking Stories', ANU, University of Aarhus, Federal Reserve Bank of New York, Juan Carlos II University, Madrid.

'Bulls and Bears', University of Melbourne, University of Adelaide, UCLA, ANU.

**Professor John Pitchford**

*Invited Conference Paper:* 'Prospects for Output and Employment Growth with Steady Inflation' (with Mardi Dungey), Unemployment and the Australian Labour Market Conference, Reserve Bank of Australia and Centre for Economic Policy Research, ANU, Sydney. June.

'The Steady Inflation Rate of Economic Growth', Conference of Economists, University of Sydney. September. Also presented to a seminar, University Western Australia and Curtin University.

*Seminars:* Prospects for Output and Employment Growth with Steady Inflation, La Trobe University.

'Some Practical Aspects of Optimal Population', ANU.

**Ms Julie Smith:** *Invited speech* to the Interchurch Gambling Taskforce and Victorian Local Governance Association National Conference, Melbourne.

## Service To Outside Organisations

**Dr Deborah Cobb-Clark:** *Consultancy*, Department of Immigration and Multicultural Affairs, The Labour Force Status of Immigrants to Australia.

**Professor Bob Gregory:** *President*, Economic Society of Australia.

*Member*, Evatt Commission on Government Revenue, Evatt Foundation; Australian Bureau of Statistics Economic Statistics User Group; Harvard Chair Selection Committee; Economics Chair Selection Committee, University of Sydney and University of Newcastle.

*Research Associate, Board Member and Selection Committee Chairman*, Australian Institute of Family Studies.

*Consultant*, on the employment outlook, OECD, Paris.

*Invited submission*, Pay Equity Inquiry New South Wales.

*Lectures*, 'Trends in Australian Society', to Department of Defence.

**Dr Michael Keating:** *Consultant*, to World Bank and Asian Development Bank, on governance; to Business Council of Australia, on economic strategy and tax reform. *National President*, Australian Institute of Public Administration.

**Dr Deborah Mitchell:** *Consultant*, The World Bank, pension reform in Yemen; Australian Broadcasting Commission; regular economics commentator for ABC Radio National 'Life Matters' program.

**Professor Adrian Pagan:** *Board Member*, Reserve Bank of Australia.

## Service to Journals

**Dr Deborah Cobb-Clark:** Referee, *Journal of Labor Economics*, *Economic Record*, *Social Science Quarterly*, *Asia-Pacific Review*

**Dr Dhammika Dharmapala:** Referee, *Economic Record*, *Journal of Political Philosophy*

**Professor Bob Gregory:** Member, Editorial Committee, *the Economic and Labour Relations Review*. Associate Editor, *Labour Economics*; referee, *Economica*, *Economic Record*, *Labour Economics*

**Dr Michael Keating:** Member, Editorial Board, *Australian Journal of Public Administration*

**Dr Phillip McCalman:** Referee, *Economic Record*, *Journal of International Economics*

**Dr Deborah Mitchell:** Member, Editorial Board, *Australian Journal of Political Science*, *International Social Security Review*; referee, *Governance*, *Economic Record*, *Journal of European Social Policy*, *Just Policy*, *Political Theory Newsletter*

**Professor Adrian Pagan:** Associate Editor, *Journal of Applied Econometrics*. Member, Advisory Board, *Macroeconomic Dynamics*. Member, Editorial Board, *Economic Record*. Co-editor, *Themes in Modern Econometrics*, Cambridge University Press. Associate Editor, *Econometric Review*. Referee, *Econometrica*, *Journal of Applied Econometrics*, *Economic Record*, *New Zealand Economic Papers*.

**Professor John Pitchford:** Associate Editor, *Journal of Population Economics*

**Ms Julie Smith:** ACT Editor, *Urban Policy and Research*. Referee, *Australian Economic Papers*.

# Centre for Economic Policy Research

## Staff and Visitors

### Professor and Director

Bruce Chapman, BEc(Hons)(ANU), PhD(Yale) FASSA

### Research Fellows

William Jack, BSc(Hons)(UWA), MPhil,DPhil(Oxon)

Rohan Pitchford, BEc(ANU), PhD(MIT)

### Visiting Fellow on Secondment

Jeff Borland, MA(Melb), MPhil, PhD(Yale)

### Visiting Fellow

Professor John Quiggin, James Cook University (ARC Senior Fellow)

### Visitors

Professor Dan Hamermesh, University of Texas

Dr Cushla Paice, Massey University

### Research Assistants

Catherine Baird, BScEcon(Wales) (part-time)

Tony Salvage, BA(UCan)

## Postgraduate Students and Research Topic

### Matthew Gray *BEcHons(Adel)*

Commenced 1996

The Australian Youth Labour Market in Transition

### Jeni Klugman

Commenced 1996

An Empirical Analysis of Labour Markets in Transition: The Case of Uzbekistan

### Yi-Ping Tseng *BSc Economics (National Taiwan University)*

Commenced 1995 (joint with Australia-Japan Research Centre)

Changes of Wage Structures in Taiwan Over the Past Two Decades

## Staff and Students Who Left CEPR in 1998

### Dr J. Borland

Department of Economics, University of Melbourne, Parkville Vic 3052.

### Dr W. Jack

Department of Economics, University of Maryland, College Park, MD 20742 USA

### Ms J. Klugman

World Bank, Washington DC, USA

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## **CEPR Advisory Committee**

**Professor Bruce Chapman**

Director, CEPR

**Professor Bob Gregory (Chair)**

Head, Economics Program, RSSS

**Dr Anne Daly**

Faculty of Management, University of Canberra

**Professor Peter Drysdale**

Australia-Japan Research Centre

**Dr Meredith Edwards**

Deputy Vice Chancellor, University of Canberra

**Mr Peter Grant**

Department of Education and Training

**Dr Raja Junankar**

Public Policy Program, ANU

**Professor Ian McAllister**

Director, Research School of Social Sciences

**Professor Warwick McKibbin**

Dept of Economics, Research School of Pacific and Asian Studies

**Professor Adrian Pagan**

Economics Program, Research School of Social Sciences

**Mr Andrew Podger**

Secretary, Dept of Health and Family Services

**Dr Ric Simes**

Chief Economist, Rothschild Australia

**Mr Ben Smith**

Dept of Economics, Faculty of Economics and Commerce, ANU

## **Centre For Economic Policy Research Overview**

The CEPR is nationally known for its conference program and internationally recognised for the quality and influence of its economic policy and research contributions. A less recognised but very important role is the supervision and mentoring of PhD students, particularly those whose topics are concerned with labour economics. The support of postgraduate research work is a major theme of this Report.

The Economics Group in RSSS has developed a number of initiatives to strengthen the training of doctoral students. These include a weekly PhD Workshop, access to the annual PhD Conference in Economics and Business, and the videoing of seminar presentations and practice job interviews.

The weekly workshops provide students with the opportunity to present their work in progress to a group of sympathetic and constructively critical staff and fellow students. The experience of making as many as six presentations during the course of a PhD not only provides students with excellent feedback on their research, but also develops crucial presentational skills. The benefits of this training have not gone unnoticed. A number of colleagues in other universities have observed that our doctoral graduates do consistently well in the job market and are able to make a smooth transition to academic posts.

The role of the workshops is augmented by the annual PhD Conference in Economics and Business. This is a national meeting of predominantly third-year PhD students who present their work in a forum of invited discussants selected for their specific expertise. It is co-convened by CEPR and the Economic Research Centre, University of Western Australia, and is made accessible to students throughout Australia by being held alternately at ANU and UWA. The conference is recognised as the principal informal job market for young academic economists in Australia

Three final year students who have benefited from the above initiatives have been principally supervised and advised by Professor Chapman and Dr Borland in CEPR. The research of each involves analysis of large data sets but they address very different issues in very different countries.

Ms Jeni Klugman submitted her thesis in December. Her research examined the labour market implications of economic and political reform using a unique 1995 data set from the former Soviet republic of Uzbekistan. Among many interesting findings, her analysis showed that econometric methods typically used in understanding advanced Western economies also have considerable explanatory power for economies in transition from communist to market arrangements. She found that people entering the labour market post-communism receive returns to

human capital quite similar to those experienced in OECD economies; that firms defer wage payments as an adjustment to market forces; and that there is a large unexplained wage differential between males and females.



*Jeni Klugman (right) and Dr Jeff Borland at the 1998 PhD Conference in Economics and Business*

The Australian labour market is the focus of Mr Matthew Gray's research which uses Australian Longitudinal and Youth Surveys (ALYS) to understand the effects of unemployment experience on young people's future labour market outcomes. He has found that people who have spent significant periods in unemployment between the ages of 16 and 24 years are likely to have lower future wages and an increased risk of future unemployment. This pessimistic finding indicates that for some young Australians the costs of unemployment do not end with them finding jobs.



*L to R: Matthew Gray with former PhD students Jenny Chalmers (UNSW) and Boyd Hunter (ANU) at the Equity and Efficiency in the Labour Market Conference, June*

A third student, Ms Yi-ping Tseng, who is jointly supervised with the Australia-Japan Research Centre, received an excellence award for her presentation at the 1998 PhD conference in Economics and Business. Access to an extremely rich data set—which covers 40,000 people annually over a twenty year period—has enabled Ms Yi-ping Tseng to examine changes in wage structures in

Taiwan. She has found that in contrast to most OECD countries, wage inequality has not increased significantly, and that Taiwanese workers receive considerable wage increases as their experience in the labour market increases.

*Conference and Workshop Program*

The Centre organised an extensive and varied program of nine conferences and workshops, which in total attracted over 500 participants from throughout Australia and overseas. Overviews of each conference follow this Overview.

The highlight was the major international conference on unemployment co-organised with the Reserve Bank of Australia. This is the first time in its ten year history that the Bank's prestigious annual conference has been held in conjunction with a university.

Two other conferences also merit special mention. At the invitation of the Department of Family and Community Services CEPR convened the Income Support, Labour Markets and Behaviour Conference to provide critical input to the Department's medium term research agenda. The meeting brought together distinguished researchers from the UK, the US, and Australia and attracted over one hundred participants.

Assessing alternative labour market reform strategies, particularly in terms of efficiency and fairness was the focus of the conference convened by Dr Sue Richardson (RAI Visiting Fellow 1997) as part of the Reshaping Labour Market Institutions strand, led by Professor Chapman. The revised conference papers will be published by Cambridge University Press in 1999.

### *Staff*

The end of the year saw the departure of two of the Centre's bright young research staff, Dr Jeff Borland and Dr Billy Jack and a significant loss to both the labour economics and applied microeconomic theory strands of the Centre's research.

Dr Jeff Borland returned to the University of Melbourne at the end of his three years as a Visiting Fellow on Secondment. Dr Borland made an outstanding contribution to CEPR and to the University not only through his impressive research output, but through his involvement in all other facets of academic life. Some small indication of the extent of his contribution is provided by his role in the RBA conference: he was co-convenor, an invited speaker, and co-editor of the conference volume. In 1997 Dr Borland was awarded the Australian Academy of the Social Sciences Medal for scholarship in the social sciences, and the Economic Society of Australia Prize for best paper published in the *Economic Record* in 1996.

Dr Billy Jack returned to the USA to take up a post at the University of Maryland. He joined the Centre in 1996 and quickly became part of the Australian economic theory group. He was co-convenor (with Professor Stephen King, University of Melbourne) of the Sixteenth Annual Economic Theory Workshop. His research has largely focused on the behaviour and regulation of health insurance markets, drawing on applied microeconomic theory and public finance economics. A number of Dr Jack's papers have been published or are forthcoming in major international journals.

The Centre is fortunate to have another important contributor to economic theory, Dr Rohan Pitchford. One strand of his research is the development of a theoretical framework for analysing privatisation issues. The main findings from this work were presented at the American Economics Association Meetings in Chicago. Dr Pitchford's other research interests include the theory of contracts, with a concentration on incomplete contracts, an area which is very important for research into economic institutions such as property rights and the firm.

Professor Bruce Chapman received international recognition of his input to economic policy development. In Britain, and following earlier consultations with Professor Chapman, the Dearing Committee recommended the introduction of a higher education funding scheme modelled closely on the Australian HECS. He was invited by the World Bank to draw up a proposal for radical reform of education financing in Malaysia, and he presented analyses of Australian experience with labour market programs to a ministerial group at the UK Department of Education and Employment. Professor Chapman continued his research in immigration, unemployment, education and social security issues, and convened four of the nine conferences held under the Centre's auspices.

*Discussion Paper Series*

The Centre's research interests and conferences are reflected in the Discussion Paper series as are our close ties with researchers in other institutions. Among the fifteen titles published in 1998 are the papers presented by Dr Borland and by Professor Pitchford to the Reserve Bank Conference, and the joint paper by Professor Chapman and Dr Cobb-Clark paper examining the relationship between immigration and the job prospects of unemployed residents. The immigration paper is receiving much media attention, as have a number of earlier CEPR papers.

## Conference and Workshop Reports

### *Major Policy Conferences*

#### **Unemployment and the Australian Labour Market Conference**

Conference organised by the Reserve Bank of Australia and the Centre for Economic Policy Research, ANU, 9-10 June 1998. Convened by Dr Jeff Borland and Dr Guy Debelle (RBA). The tenth annual Reserve Bank Conference, and the first to be held in conjunction with an academic institution. The conference focused on the operation of labour markets in Australia the US and OECD countries particularly in relation to the persistently high levels of unemployment experienced since the mid-1970s. The conference was attended by sixty invited prominent economists from business and academia. International labour market economists Professor Richard Jackman (London School of Economics), Professors Lawrence Katz and Claudia Goldin (Harvard University) and Dr John Martin (OECD) were among the invited speakers, who also included ANU economists Dr Jeff Borland and Professor Bob Gregory. The conference volume, *Unemployment and the Australian Labour Market*, edited by Drs Borland and Debelle, has been published by the Reserve Bank of Australia.



*Professor Larry Katz (facing) with Professor John Quiggin (left), Dr Mark Upcher (Treasury) and Dr Raja Junankar (right) at the Equity and Efficiency in the Australian Labour Market Conference*

**Conference: Fairly Efficient? Equity and Productivity in the Australian Labour Market**

Centre for Economic Policy Research in conjunction with the Reshaping Australian Institutions Project conference, 16-17 June 1998. Canberra. The conference was convened by Dr Sue Richardson (University of Adelaide) as a culmination of research undertaken during her 1997 RAI Visiting Fellowship

(Reshaping Labour Market Institutions strand). The papers addressed the merits of alternative labour market reform strategies, particularly in terms of efficiency and fairness. Guest speaker, Professor Larry Katz, Harvard University, provided the international context for discussion of the issues. The papers were commissioned as the basis of a comprehensive volume covering contemporary labour market issues, which will be published by Cambridge University Press in 1999 under the editorship of Dr Richardson. Sixty people from government, the community sector and academia attended.

**Conference: Income Support, Labour Markets and Behaviour:  
A Research Agenda**

Commonwealth Department of Family and Community Services (DFaCS) in conjunction with the Centre for Economic Policy Research conference. 24-25 November 1998. Convened by Professor Bob Gregory and Mr Chris Foster (DFaCS).



*At the Income Support Conference  
L to R: Dr Sue Richardson, Professor Dan Hamermesh, Professor David Ellwood,  
Professor Nicholas Barr, Professor Joe Quinn*

The principal aim of the conference was to set the scene for a medium term research agenda focussing on the behavioural dimension of the social security system. Invited papers by distinguished researchers from the US, the UK and

Australia addressed the interaction between labour market and income support, issues relating to older workers, early retirement and disability, and trends in labour market participation and the take up of income support by low income families. Among the speakers were Professor Nicholas Barr, London School of Economics, Professor David Ellwood, John F. Kennedy School, Harvard University, and Professor Joseph Quinn, Boston College. Over one hundred participants attended from Australian and New Zealand government departments, the community sector and universities. The conference was funded by the Department of Family and Community Services.

### ***Specialist Workshops***

#### **Sixteenth Economic Theory Workshop**

Centre for Economic Policy Research, ANU, 5-6 February. This Workshop is convened annually in February as a forum for discussion of recent research in economic theory. Sixteen contributed papers were presented to a group of thirty academics from ten universities, including Massey, New Zealand, and Queen's, Ontario. The Workshop conveners were Dr Billy Jack, ANU, and Professor Stephen King, University of Melbourne.

#### **Public Finance and Tax Reform Workshop**

Centre for Economic Policy Research and Economics Department, University of New South Wales. 10-11 February 1998. Convened by Professor Bruce Chapman and Professor John Piggott, UNSW. The Workshop brought together leading researchers in public finance in Australia to examine contemporary issues in taxation reform, and included a forum on a goods and services tax. Broader issues in public finance, including superannuation, health care financing and welfare participation were also addressed. Speakers included Professor John Piggott and Professor Neil Warren, University of New South Wales, Dr Patricia Apps, University of Sydney, Professors Chapman and Gregory, and Dr Dharmapala, ANU. Fifty participants from government departments and universities attended.

#### **Workshop: Child Care and Employment Opportunities: The Changing Environment of the 1990s**

Organised by the Centre for Economic Policy Research with the Office of the Status of Women. 6 March. Convened by Professor Gregory, the workshop of thirty five invited participants, principally researchers and policy makers from government departments, discussed recent research on labour market and child care issues. The speakers were Professor Gregory and Dr Borland ANU and Drs Helen Glezer and Ilene Wolcott, Australian Institute of Family Studies.

### **Workshop: Do Youth Wages Matter?**

Productivity Commission in collaboration with the Centre for Economic Policy Research Workshop, 23 November. The workshop was held in the context of a Productivity Commission inquiry into the rationale for youth wages ahead of an Industrial Relations Commission ruling on youth wages. Two new pieces of empirical research on youth wages and employment were presented by Professor Raja Junankar, University of Western Sydney and a Visitor in Economics RSSS, and by Dr Anne Daly (University of Canberra). A special presentation on the international literature was made by Professor Dan Hamermesh (University of Texas), also a visitor to Economics RSSS. The Workshop was attended by forty invited participants from government, universities and other groups including the Business Council of Australia, ACOSS, and the Australian Chamber of Commerce.

### ***Outreach***

#### **Economic Policy Development Seminar**

Centre for Economic Policy Research in conjunction with the Economic Society of Australia (Canberra Branch). 18-19 August. Canberra. Convened by Professor Bruce Chapman. This two-day seminar (first convened in 1997) is designed to provide recent economics graduates, particularly those working in the public sector, with an understanding of the skills and processes fundamental to the development of sound economic and public policy. The sixty seminar participants were provided a unique opportunity to draw on the expertise of current and former senior public officials, leading economists, and corporate/private sector executives with extensive public sector experience. The ten session program of high profile speakers included Mr Bernie Fraser (former Governor of the Reserve Bank of Australia) and Mr Geoff Carmody, (Director, Access Economics) who participated in the Tax Policy Forum; and Dr Chris Caton, Chief Economist, BT Australia who spoke on the role of market sentiment in policy development. ANU Professors Bob Gregory, Peter Drysdale and Warwick McKibbin contributed sessions on Australia's economic policy challenges to 2001, the Asian financial crisis in policy perspective, and sustainable policies for reducing global green house gas emissions.

#### **1998 PhD Conference in Economics and Business**

Centre for Economic Policy Research, ANU and the Economic Research Centre, University of Western Australia, 4-6 November, ANU. Now in its eleventh year, the objective of the PhD conference is to provide second and third year doctoral students with the opportunity to discuss their research with a group of senior research economists, who attend as invited discussants of contributed papers, and with other doctoral students from around Australia. It

also acts as an informal job market. Twelve Australian universities, Harvard, Yale and the London School of Economics, were represented in the group of twenty-six students who gave presentations on a wide range of topics. Dr David Gruen, Research Director, Reserve Bank of Australia gave the invited address. The conference is made possible by the generous support of corporate and public sector sponsors.

## Research Report

### **New Research on Immigration and the Australian Labour Market**

**Bruce Chapman and Deborah Cobb-Clark**



Much of the current debate about the impact of immigration on the Australian labour market is really about employment opportunities—both for Australian residents and for immigrants themselves. Consequently, immigration research can generally be divided into two streams: one which assesses the immigrant settlement process and the ease with which immigrants enter the labour market and one which attempts to measure the impact of immigration on the labour market outcomes of residents. Recent research conducted by Professor Bruce Chapman and myself using new data sources and economic models has helped to further our understanding of both of these issues.

#### *The Immigrant Settlement Process*

For the first time, the Longitudinal Survey of Immigrants to Australia (LSIA) provides longitudinal information for a cohort of recent Australian immigrants. Previously, researchers have used cross-sectional data to infer the ways in which immigrants' employment status changes over time. These new longitudinal data give researchers an opportunity to sort out whether previously observed changes in the employment status of immigrants who have been resident in Australia for differing periods of time are the result of the settlement process itself or changes in the characteristics of immigrants over time.

While providing additional evidence on the importance of skills, in particular the ability to speak English, in determining an immigrant's ability to find employment, analyses of these data point to several additional characteristics which appear to be related to labour market success and have not been explored in

the literature. In particular, immigrants who visited Australia prior to immigration had much higher employment rates, sooner after migration than immigrant who had not. The results are striking, even in the regression analysis which controls for a host of other potential influences associated with labour market status, such as region of origin. It is unclear whether this occurs because prior visitors gain information about the Australian labour market or whether it stems from immigrant self-selection, i.e. those who based on their prior visit believe they will do badly choose not to come. In either case this finding is particularly important because it may provide an additional basis upon which to select immigrants.

In spite of these new results there remains a lot we do know about the immigrant settlement process. For example, we know that geographic location clearly matters. Even after controlling for immigrant characteristics, there remain large differences in the participation and employment rates of immigrants residing in different States and Territories. What we don't know is why. This raises important research questions about the role of the internal migration patterns of immigrants and local labour market conditions in facilitating immigrants' transition in the Australian labour market. Finally, most research ignores the fundamental role of the household in the settlement process. As immigration policy is household based, it is important that our analysis of how well immigrants settle into the Australian labour market begin to be also household based.

#### *Immigration and the Labour Market Opportunities of Residents*

It is not possible for economic theory to predict whether immigration improves or worsens the employment prospects of residents because there are two competing effects. On the one hand, by adding to the overall supply of labour, immigrants compete with resident workers for existing jobs. On the other hand, immigrants also create new jobs because they bring with them savings that are spent on domestic goods and services. An understanding of the overall relationship between immigration and employment requires knowing which of these two effects are larger.

In order to address this issue, we develop a simple economic model in which the chances of an unemployed resident finding a job in the short run are tied to the number of jobs available (job vacancies) divided by the number of unemployed people looking for work. Immigrants improve the job prospects of unemployed residents because their spending creates new vacancies, but worsen job prospects by adding to the stock of unemployed.

Australian data on vacancies, unemployment, and the level of immigration between 1978 and 1997 are then used to answer the 'which is bigger?' question. Because there is good information about the fraction of immigrants who choose to enter the Australian labour market immediately after arrival it is straightforward to work out how immigration adds to labour supply. Figuring out how many job vacancies immigration creates is much more difficult. Still, we know that between 1993 and 1995 adult immigrants to Australia brought an average of \$15,000 with them. This, along with a rough measure of the amount of spending necessary to

create a job, makes it possible to create several 'guesstimates' of the fraction of a new job that each adult immigrant is likely to create.

In summary, under the labour market conditions which generally prevailed in Australia between 1978 and 1997 immigrants probably improved rather than worsened the job prospects of unemployed residents. This is an important finding for policy, but it is somewhat limited because of the short run nature of the analysis. While immigrant spending immediately after migration seems to create more jobs than immigrants initially take, over the longer run this may change as spending tapers off and immigrants move into employment. Assessing how quickly this might occur awaits future research and the development of more complex models.

Chapman, B. and D. Cobb-Clark (1998) 'A Comparative Static Model of the Relationship Between Immigration and the Job Prospects of Unemployed Residents', CEPR Discussion Paper No. 393. 18pp. (Forthcoming in *Economic Record*, 1999.)

## Outside Grants

- \$237,956 for three year, 1997-1999, ARC/DEETYA Strategic Partnerships with Industry—Research and Training Support Grant (Dr J. Borland, Professor R.G. Gregory, with Professor P. Sheehan, Victoria University of Technology)
- \$139,000 ARC Research Grant for three-year project, 1997-1999: Jobs, Gender and Inequality: A Comparative Study. (Dr J. Borland, Professor R.G. Gregory, with Professor P. Sheehan, Victoria University of Technology)
- \$50,000, Commonwealth Department of Family and Community Services, for the conference ‘Income Support, Labour Markets and Behaviour: A Research Agenda’, 24-25 November 1998. (Professor R.G. Gregory)
- \$15,500, Department of Immigration and Multicultural Affairs to examine immigrant labour market adjustment using the Longitudinal Survey of Immigrants in Australia. February-September. (Professor B.J. Chapman and Dr D. Cobb-Clark)
- \$7,000, OECD, for an analysis of Australian self-employment. March-October. (Professor BJ Chapman, Professor RG Gregory, Ms J. Klugman)
- \$2,000, Department of Family and Community Services, for research examining the relationship between unemployment traps and life-cycle incomes presented to the DFCS/CEPR Income Support Conference, November. (Professor B.J. Chapman)
- £1,000 from Department of Education and Employment, UK, under the international labour market program experts initiative, to present an analysis of the implementation problems associated with Australia’s Jobs Compact. (Professor B.J. Chapman)
- \$1000, Business Council of Australia, to explore the role of bonus pay systems on macroeconomic performance. (Professor B.J. Chapman)

## Joint Research

**Dr Jeff Borland:** Aspects of wage determination in Australia. With Dr J. Hirschberg and Dr J. Lye, University of Melbourne.

The wage curve in Australia, and earnings inequality in Australia. With Dr S. Kennedy, Australian Bureau of Statistics.

Determinants of employment outcomes for indigenous Australians. With Dr B. Hunter, Centre for Aboriginal Economic Policy Research, ANU.

Trade union earnings effects in Australia. With Dr K. Meagher, University of New South Wales.

Labour market signalling. With Dr W. Jack, ANU.

**Professor Bruce Chapman:** The unemployment trap meets the age-earnings profile. With J. Jordan and K. Oliver, Commonwealth Department of Family and Community Services.

BonusPay as a macroeconomic adjustment instrument. With Mr N. Gruen, Business Council of Australia.

Towards better targeting of Canadian unemployment insurance. With Dr T. Crossley, York University, Canada.

**Dr Billy Jack:** Labour market signalling. With Dr J. Borland, ANU.

**Dr Rohan Pitchford:** Privatisation in Australia: understanding the incentives in public and private firms. With Professor S. King, University of Melbourne.

Public or private: A taxonomy of optimal ownership and management regimes. With Professor S. King, University of Melbourne.

Property rights, incomplete contracts and social harm. With Professor C.M. Snyder, George Washington University.

Corporate liability. With Dr M. Ottaviani, University College London.

## Conference and Seminar Presentations

### **Dr Jeff Borland**

*Invited Conference Papers:* 'Rural labour Markets in Australia - A Review', National Outlook Conference 1998, Australian Bureau of Agriculture and Resource Economics, Canberra. February.

'Microeconomic Reform and Displaced Workers - An Introduction', Microeconomic Reform and Productivity Growth Conference, Productivity Commission, ANU. February.

'Dimensions, Structure and History of Australian Unemployment', Unemployment and the Australian Labour Market Conference, Reserve Bank of Australia and Centre for Economic Policy Research, ANU. June.

'Wage Regulation: Efficiency and Fairness', Fairly Efficient?: Equity and Productivity in the Australia Labour Market Conference, Centre for Economic Policy Research and Reshaping Australian Institutions Project, ANU. June.

*Conference Papers:* 'Public Sector and Private Sector Earnings in the US, 1967-1995', Australasian Meetings of the Econometric Society, ANU. July.

*Invited Discussant:* Labour Econometrics Workshop, ANU. April.

PhD Conference in Economics and Business, Centre for Economic Policy Research, ANU, and Economic Research Centre, University of Western Australia. November.

*Seminars:* 'Earnings Inequality in Australia : Changes, Causes and Consequences', Commonwealth Treasury, Reserve Bank of Australia, La Trobe University, Macquarie University, Victoria University of Technology, University of Canberra.

'Dimensions, Structure and History of Australian Unemployment', University of Tasmania.

### **Professor Bruce Chapman**

*Invited Conference Papers:* 'Could Increasing the Skills of the Unemployed be the Solution to Australia's Unemployment Problem?', Fairly Efficient? Equity and Efficiency in the Australian Labour Market Conference, Centre for Economic Policy Research and Reshaping Australian Institutions, ANU. June.

'Commentary on John Martin', Unemployment and the Australian Labour Market Conference, Reserve Bank of Australia and Centre for Economic Policy Research, Sydney. June.

'Self Employment in Australia', OECD Self Employment Conference, Burlington, Canada. September.

'The Unemployment Trap Meets the Age-Earnings Profile', (with James Jordan and Ken Oliver), Income Support, Labour Markets and Behaviour: A Research Agenda Conference, Department of Family and Community Services and Centre for Economic Policy Research, ANU. November.

*Seminars:* 'The Methodology of Labor Market Program Evaluation', The World Bank, Washington DC.

'Income Contingent Loan Mechanisms', The World Bank, Washington DC.

'Implementation Problems with Australia's Job Compact'. UK Department of Employment and Education, London.

'The Effects of Immigration on the Employment Prospects of Unemployed Residents', (with Deborah Cobb-Clark). University of Queensland, ANU.

**Dr Rohan Pitchford**

*Invited Conference Paper:* 'Privatisation: Does the Reality Match the Rhetoric?' (presented by co-author, Professor Stephen King), Industry Economics Conference, Canberra. July.

*Conference Papers:* 'Social Harm and Incomplete Contracts: An Analysis of Property Rights, Covenants and Land Ownership' (with Christopher M. Snyder). Australasian Econometrics Society Meetings, Canberra. July.

'A Simple Theory of Deregulation', Industry Economics Conference, Canberra. April.

*Seminars:* 'Property Rights, Incomplete Contracts and Social Harm', ANU, Melbourne Business School, Australian Graduate School of Management, University of New South Wales, University of Adelaide.

## Service to Outside Organisations

**Dr J. Borland:** *Consultant*, NSW Treasury, consequences of implementation of equal pay.

*External referee*, report for Productivity Commission.

*Invited contributor*, Department of Social Security Workshop on longitudinal data sets.

*Presentation* to Chinese Academy of Social Sciences delegation.

**Professor B.J. Chapman:** *Consultant*, to the Canadian Federal Government on unemployment insurance policy reform; to the UK Employment Minister, on the role of labour market programs in the reduction of unemployment; to the World Bank, on Malaysian education policy; to Business Council of Australia, on the role of bonus pay systems on macroeconomic performance.

*Member*, Canadian International Labor Network, McMaster University; Australian Bureau of Statistics Labour Market Advisory Committee; National Centre for Social and Economic Modelling (NATSEM), University of Canberra; Advisory Committee, Centre for Aboriginal Economic Policy Research, ANU. Committee member, Economic Society of Australia, Canberra Branch.

*Research Associate*, National Institute of Labour Studies (NILS), Flinders University of South Australia; Research Affiliate, Centre for Labour Market Research, Curtin University of Technology;

## Service To Journals

**Dr Jeff Borland:** Co- Editor, *Economic Record*. Associate Editor, *Australian Economic Review*. Referee, *European Economic Review*, *Industrial and Labour Relations Review*, *International Economic Review*, *Australian Economic Review*, *Economic Record*, *Journal of industrial Relations*, *Review of Economics and Statistics*, *Cambridge Journal of Economics*, *Scandinavian Journal of Economics*, *Australian Bulletin of Labour*

**Professor Bruce Chapman:** Associate Editor, *Education Economics*. Referee, *Economic Record*, *Australian Economic Review*, *Journal of Industrial Relations*, *Australian Journal of Labour Economics*

**Dr Billy Jack:** Referee, *International Journal of Industrial Organization*, *American Economic Review*, *Economic Record*, *Health Economics*

**Dr Rohan Pitchford:** Referee, *American Economic Review*, *International Review of Law and Economics*, *Journal of Law, Economics and Organization*, *Australian Economic Papers*, *European Economic Review*

## Publications\* : Economics Program

### **Cass, B.<sup>2</sup> and D. Mitchell**

From 'Difference' to Equality in Social Security. In B. Caine et al (eds), *Oxford Companion to Australian Feminism*, Oxford University Press. 311-316.

### **Chapman, B. and D. Cobb-Clark**

A Comparative Statics Model of the Relationship Between Immigration and the Job Prospects of Unemployed Residents. Discussion Paper No. 393, Centre for Economic Policy Research, ANU. 18pp.

### **Cobb-Clark, D.**

Incorporating US Policy into a Model of the Immigration Decision *Journal of Policy Modeling*, 20 (5). 621-630.

Immigration and Unemployment-Job Creation or Job Competition? *CEDA Newsletter*, December.

Getting Ahead: The Determinants of and Payoffs to Internal Promotion for Young Men and Women. Discussion Paper No. 395, Centre for Economic Policy Research, Australian National University. 32pp.

### **Crossley, T.<sup>6</sup>**

Firms and Wages: Evidence from Displaced Workers. Working Paper in Economics and Econometrics No. 344, Australian National University. 34pp.

What Can We Learn From the Displaced Worker Data About the Returns to Tenure? Working Papers in Economics and Econometrics No. 346, Australian National University. 36pp.

### **Dennis, R.<sup>5</sup>**

Instability Under Nominal GDP Targeting: The Role of Expectations. Working Papers in Economics and Econometrics No. 347, Australian National University. 32pp.

### **Dungey, M.<sup>7</sup>, and J. Pitchford**

Prospects for Output and Employment Growth with Steady Inflation. In Borland, J. and G. Debelle (eds), *Unemployment and the Australian Labour Market*, Reserve Bank of Australia, Sydney 208-234.

### **Gregory, R.G.**

What Do We Mean by an Unemployment Solution? In Borland, J. and G.

- 
- 1 Not a member of the ANU
  - 2 Former member of or former visitor to the Program
  - 3 Member of or visitor at another RSSS Program
  - 4 Member of a part of the ANU other than RSSS
  - 5 Student in the Program
  - 6 Current visitor to the Program
  - 7 Former member of the ANU
-

Debelle (eds), *Unemployment and the Australian Labour Market*, Sydney, Reserve Bank of Australia. 329-341.

Employment and Growth. In Withers, G. and M. Mead (eds), *Policy for Australia's Industrial Future*. CEDA Information Paper No. 57 (Selected Papers from Workshops on Industry Policy). 63-67.

Jobs Growth and the US Labour Market. *CEDA Bulletin*. March. 10-12, 58.

A Summing Up. In *Microeconomic Reform and Productivity Growth*, Productivity Commission and Australian National University. 413-429.

Summing Up. In Eckersley, R. (ed), *Measuring Progress*, CSIRO. 361-370.

**Gregory, R.G., S. Nicholas<sup>1</sup>, and S. Kimberley<sup>1</sup>**

The Welfare of Indigenous and White Australians. In Komlos, J. and J. Baten (eds), *The Biological Standard of Living in Comparative Perspective: The Americas, Asia and Australia*, Franz Steiner Verlag, Stuttgart. 38-54.

**Gregory, R.G. and P. Sheehan<sup>1</sup>**

Poverty and the Collapse of Full Employment. In Fincher R. and J. Nieuwenhuysen (eds), *Australian Poverty: Then and Now*, Melbourne University Press. 103-126.

Unemployment Trends in Australia and the US: The Natural Rate, Wage Flexibility and Path Dependence. In Sheehan, P. and G. Tegart (eds), *Working For The Future*, Victoria University Press, Melbourne. 293-350.

**Keating, M.**

*Public Management Reform and Economic and Social Development*. OECD, Paris. 82pp

The Role of Government in Work and Welfare. In *Wealth, Work, Well-Being*, Academy of Social Sciences in Australia, Occasional Paper Series 1/1998. Also published as Discussion Paper No. 381, Centre for Economic Policy Research, ANU. 32pp.

Industry Policies for the Future. In Withers, G. and M. Mead (eds), *Policy for Australia's Industrial Future*. CEDA Information Paper No. 57 (Selected Papers from Workshops on Industry Policy). 11-14.

**Keating, M. and S. Lambert<sup>1</sup>**

Improving Incentives: Changing the Interface of Tax and Social Security *Australian Economic Review*, 31 (3). 281-289.

From Welfare to Work. Discussion paper No. 35, National Centre for Economic and Social Modelling (NATSEM).

**Levtchenkova, S.<sup>4</sup>, A.R. Pagan and J. Robertson<sup>7</sup>**

Shocking Stories, *Journal of Economic Surveys*, 12 (5). 507-532.

**Mitchell, D.**

Life-Course and Labour Market Transitions: An alternative model for welfare state design. In Gatens, M. and A. McKinnon (eds), *Gender and Institutions*, CUP, Melbourne 19-37.

Wages and Employment: The long march to equality. In Caine B. et al, *The Oxford Companion to Australian Feminism*, Oxford University Press. 355-365.

Public Pensions. In Shafritz, J. (ed), *International Encyclopaedia of Public Policy and Administration*, New York, Henry Holt Co. 1008-1012.

**Pagan, A.R.**

On Calibration. In Giles, D.E.A. and A. Ullah (eds), *Handbook of Applied Economic Statistics*, Marcel Dekker, New York. 605-618.

**Pagan, A.R. and J. Robertson<sup>7</sup>**

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### Convenor: Dr Dhammika Dharmapala

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Date	Speaker	Seminar Paper
23 Jan	David Hendry Oxford University	<i>The UK demand for broad money over the long run</i>
30 Jan	Raja Junankar University of W. Sydney	<i>Have women taken away jobs from men? Job creation and job destruction in Australia</i>
13 Feb	Chris Worswick University of Melbourne	<i>The earnings of immigrant men in Australia</i>
27 Feb	Ed Nosal University of Waterloo	<i>Near-sighted justice</i>
2 Mar	Carmel Chiswick University of Illinois at Chicago	<i>Overview of the economics of religion</i>
6 Mar	Bruce Chapman and Deborah Cobb-Clark	<i>The impact of immigration on the employment prospects of unemployed residents</i>
13 Mar	Tom Crossley York University	<i>Incentive effects of unemployment insurance disentanglement</i>
27 Mar	John Pitchford, ANU	<i>Some practical aspects of optimal population</i>
8 Apr	Dan Sasaki University of Melbourne	<i>Affirmative priority queuing</i>
17 Apr	Geoff Brennan, ANU	<i>Trust in the shadow of the courts</i>
24 Apr	Adrian Pagan, ANU	<i>Some experiments in constructing a hybrid model for macroeconomic analysis</i>
1 May	Robert Innes, ANU	<i>Self-reporting and optimal law enforcement</i>
8 May	Billy Jack, ANU	<i>Optimal emissions control in the absence of financial incentives</i>
17 May	Katya Sherstuck University of Melbourne	<i>Collusion without conspiracy: an experimental study of one-sided auctions</i>
22 May	Mardi Dungey La Trobe University	<i>Employment, growth and wages: An assessment of stable combinations</i>

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**Economics Program Seminars...**

<b>Date</b>	<b>Speaker</b>	<b>Seminar Paper</b>
29 May	Lata Gangadharan University of Melbourne	<i>Analysis of trading and search costs in the regional clean air incentives market in Los Angeles</i>
5 Jun	Jeff Kline, ANU	<i>Carrots and sticks</i>
12 Jun	George Mailath University of Pennsylvania	<i>Edogenous inequality in integrated labour markets with two-sided search</i>
3 Jul	Phillip McCalman, ANU	<i>Multi-lateral trade negotiations and the most favoured nation clause</i>
17 Jul	Robert Cooter University of California	<i>The strategic constitution</i>
24 Jul	Ali Khan Johns Hopkins University	<i>On the modelling of 'negligibility' in game theory: some counter examples</i>
29 Jul	Anthony Waterman University of Manitoba	<i>The pre-canonical, unclassical model of political economy</i>
7 Aug	Louis Maccini Johns Hopkins University	<i>Input and output inventories</i>
14 Aug	Frederick Schauer Harvard University	<i>Probability, evidence and justice</i>
21 Aug	Shimono Keiko Nagoya City University	<i>Estimating the size and distribution of bequests in Japan</i>
28 Aug	David Stern, ANU	<i>The environmental Kuznets curve</i>
4 Sep	John Livernois University of Guelph	<i>Truth or consequences: enforcing pollution standards with self-reporting</i>
11 Sep	Christopher Ellis University of Oregon	<i>Privatization and strategic monitoring</i>
23 Sep	W. Lee Hansen University of Wisconsin, Madison	<i>How do student fees and financial aid affect college enrolments?</i>
1 Oct	Kenneth Arrow Stanford University	<i>Discounting, morality and gaming</i>
9 Oct	John Beath University of St Andrews	<i>R&amp;D: Is there a tradeoff between static and dynamic efficiency?</i>
16 Oct	Glenn Withers, ANU	<i>Individual preferences and defence expenditures: Ike was right</i>
23 Oct	Rajeev Bhattacharya University of NSW	<i>Bankruptcy constraints and price wars</i>
30 Oct	Deborah Cobb-Clark, ANU	<i>Getting ahead: the determinants and wage consequences of promotion for young men and women</i>

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13 Nov	Boyd Hunter, ANU	<i>Three nations, not one: indigenous and other poverty in Australia</i>
20 Nov	Daniel Hamermesh University of Texas, Austin	<i>Togetherness: spouses' synchronous leisure, and the impact of children</i>
27 Nov	Jeff Borland, ANU	<i>Job security in Australia</i>
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11 Dec	Robert Breunig, ANU	<i>Determinants of participation in the US food stamp program: econometric issues of stratified sampling and model specification</i>

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