Economics Program

ANNUAL REPORT

2002
ECONOMICS PROGRAM

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Economics Program
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*This report was prepared by Ken Clements, Helen Reidy and Gina Yoon, with valuable contributions from all members of the Economics Program.
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1. INTRODUCTION

The Economics Program at UWA is a small, but active group engaged in high-quality teaching of economics, econometrics and economic history, influential research in these areas, and various professional service activities to the academic and broader communities. 2002 was another productive year with high-level performance in all dimensions.

Highlights of the Program’s activities in 2002 are as follows. The Program continued to enjoy substantial student interest in its units. The unit with the largest enrolment in the whole University was Microeconomics, Prices and Markets 101, which attracted 949 students and was co-ordinated by Pamela Statham and Paul Miller. Macroeconomics, Money and Finance 102 attracted 657 students and was co-ordinated by Paul Crompton. Other units with substantial enrolments include: Quantitative Methods for Business and Economics 111 (Michael McAleer), with 187 students; Asia and the World Economy 203 (MoonJoong Tcha), with 149 students; Microeconomics: Policy and Applications 233 (David Butler), with 258 students; Macroeconomics: Policy and Applications 234 (Juerg Weber), with 240 students; International Finance 236 (Nic Groenewold), with 240 students; and Business Econometrics 271 (Yanrui Wu), with 169 students enrolled.

Staff published a number of substantial items of research, including articles in leading international journals such as the Journal of Population Economics (a paper written by Paul Miller), Journal of Econometrics (Michael McAleer) and International Review of Financial Analysis (Nic Groenewold). Additionally, several books and edited journals were produced, such as The Great Energy Debate: Energy Costs, Minerals and the Future of the Western Australian Economy, 2002, University of Western Australia Press: Perth, by Ken Clements (jointly written with Robert Greig and Ye Qiang); Modelling and Forecasting Financial Volatility, special issue of Journal of Applied Econometrics, edited by Philip Hans Franses and Michael McAleer; Matrix Calculus and Zero-One Matrices: Statistical and Econometric Applications, Cambridge University Press: UK, by Darrell Turkington; and The Macroeconomics of East Asian Growth, 2002, Edward Elgar Publishing: England, by Yanrui Wu.

Staff in the Program were awarded four new Australian Research Council grants. Discovery grants were received by Ken Clements for “Stochastic Index Numbers and their Application in Accounting, Economics and Finance” (joint with H.Y. Izan, GSM, UWA, and E.A. Selvanathan, Griffith University); and MoonJoong Tcha for “Strategy and Structure of the Korean Chaebol: Changes after the 1997 Economic Crisis and Implications for Australia” (joint with C.S. Suh, UNSW, C. Leggett, University of SA, and C.A. Wright, UNSW). Linkage grants were received by Ken Clements and MoonJoong Tcha for “Economic Aspects of Wool in Western Australia”, with the WA Department of Agriculture as the Industry Partner; and Paul Miller for “Higher Education: Access and Equity”, with the Commonwealth Department of Education, Science and Training as the Industry Partner.

Economics was awarded a UWA Post-Doctoral Fellowship. Michael McLure is the Post Doctoral Fellow and he commenced researching issues in public finance and the history of economic thought. Paul Crompton was awarded his PhD for his thesis entitled The Economics of the East Asian Steel Industry, and four other PhD students submitted their theses in 2002.
The achievements of staff and students of the Program were formally recognised in a number of ways. Paul Miller has become Co-editor of the *Economic Record* and Associate-editor of *Applied Economics*. Pamela Statham was awarded an Honorary Life Membership of the Friends of Battye Library. James Fogarty was awarded the joint runner up prize for the Best Presentation at the 2002 PhD Conference held at ANU. Kim Radalj, an economics honours graduate and currently a masters student, was awarded the prestigious J.A. Wood Memorial Prize and the Economic Society of Australia (WA Branch) Prize for the Best Honours Thesis in Economics at WA Universities in 2001. Two PhD students were awarded prizes at the Biennial Conference of the International Environmental Modelling and Software Society in Lugano, Switzerland, in June 2002: Felix Chan received the Best Student Paper and Presentation Prize, and Suhejla Hoti received a Commendation for Excellent Student Paper and Presentation. Mert Daryal, a former honours student, received the second place award for his paper entitled “Prices, Legalisation and Marijuana Consumption”, that was published in the *University Avenue Undergraduate Journal of Economics*. Michael Young, whose honours thesis was supervised by staff in Economics and Accounting and Finance, received the Australian Agricultural and Resource Economics Society of WA Undergraduate Award for his thesis entitled *The Valuation of Gold Mines*. Finally, in a recent paper by Sinha and Macri that analysed the publication records of Australian economists, three members of the Program were identified for their superior performance: Michael McAleer, Paul Miller and Darrell Turkington.\(^1\)

The 15\(^{th}\) PhD Conference in Economics and Business was held in November at the ANU. This is an annual Conference jointly organised by UWA and ANU, which has now involved almost 400 students from all the major Australian and New Zealand universities, as well as from Cambridge, Chicago, London School of Economics, MIT, Oxford and Queen’s.

The Annual Shann Memorial Lecture, organised jointly by the WA Branch of the Economic Society and UWA, was given by Don Stammer, one of Australia’s leading business economists who recently retired from investment banking after twenty years as the Chief Economist/Director of Investment Strategy of Deutsche Bank Australia. Dr Stammer’s lecture was entitled “Change in the Australian Economy: What it Means for Australians and for Australian Economists”.

Four members of staff left the Program in 2002. David Butler is on leave for three years at the University of Arizona. After working for the Program for some time, Patricia Wang and Sue Turner both resigned, and Vicky Karagiannis moved to the Accounting and Finance Program. We thank these individuals for their good work and wish them well for the future. 2003 promises to be at least as rewarding as was last year due to talented new staff joining the Program. As part of a special equity initiative funded by the University, Tram Le and Jo Voola have been appointed as Lecturers. In addition, Tim Kam will soon take up an appointment as Lecturer, and Michelle Toogood joined the Program’s administrative staff, after working for Accounting and Finance.

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2. STAFF MEMBERS

PROFESSORS

**K.W. Clements**, MEc (Monash), PhD (Chicago), FASSA.


**M. McAleer**, MEc (Monash), PhD (Queen’s, Canada), FASSA.

Center for International Research on the Japanese Economy, Faculty of Economics, University of Tokyo in December 2002.

P.W. Miller, BEd (New England), MEc PhD (ANU), FASSA.
Professor Miller’s primary research interest is labour market performance, particularly as it relates to educational attainment, gender, ethnic and racial origin. He has published extensively in both Australian and overseas journals, including the Economic Record, American Economic Review, Canadian Journal of Economics, Economic Journal, Economica, Journal of Human Resources, Journal of Labor Economics, and Industrial and Labor Relations Review. His recent research includes “The Complementarity of Language and Other Human Capital: Immigrant Earnings in Canada” (with B.R. Chiswick), which is forthcoming in the Economics of Education Review.

ASSOCIATE PROFESSORS

N. Groenewold, BEd MEd (Tasmania), MA PhD (Western Ontario).

D.A. Turkington, BA (Wellington), MCom (Can.), MA PhD (Berkeley).
Associate Professor Turkington specialises in theoretical econometrics. He has published in Journal of Econometrics, Journal of the American Statistical Association, and International Economic Review, and is the co-author (with R. Bowden) of the Econometric Society Monograph, Instrumental Variables. Associate Professor Turkington’s current research focuses on the application of matrix calculus to econometric models and has written the book on this topic, Matrix Calculus and Zero-One Matrices: Statistical and Econometric Applications, published by Cambridge University Press.

SENIOR LECTURERS

M.J. Davies, BA (Kent), MA (Adel.).
Mr Davies’ major research interests are in British and Australian economic history, particularly the history of Australian mining. He is currently Secretary of the Australian Mining History Association, on the organising and programs committee of the International Mining History Association and is also the International Secretary of that organization. He is currently working on biographies of the 19th
century South Australian mining identity John Benjamin Graham, and the Western Australian mining entrepreneur Claude Albo de Bernales. In the fields of economic and social history, Mr Davies has a number of publications that include papers in *Australian Economic History Review* and in *Comparative Studies in Society and History*. His recent publications include “Establishing South Australia”, in *The Origins of Australian Capital Cities*, edited by P. Statham; “Cornish Miners and Class Relations in Early Colonial South Australia: The Burra Burra Strikes of 1848-49”, in *Australian Historical Studies*; “Collective Action and the Cornish Miner - An Early Repudiation of the ‘Individualistic’ Thesis”, in *Cornish Studies*; and “Shipping Freight Costs: South Australian Copper and Copper-Ore Cargoes, 1845-1870”, *The Great Circle*. During 2002, he published an article, “Copper Connections – Burra Routes and Transport: A Matter of Economics?” in the *Journal of the Historical Society of South Australia*, and also compiled *The Bibliography of the Mining History of Australia, New Zealand and Papua New Guinea*. A number of other mining related publications are currently being assessed for publication.

**P.B. McLeod**, BEc PhD (Adel.).

Dr McLeod teaches in the area of microeconomics, including microeconomic theory, resource economics and public policy economics. His research interests cover various areas of applied microeconomics including transport, housing, valuation and management of natural resources, production functions and productivity measurement and competition policy. He has published articles in the *International Journal of Transport Economics, Transportation Research, Urban Studies, Environment and Planning, Journal of Economic Psychology, People and the Physical Environment, Accounting and Finance, International Journal of Public Sector Management, Annals of Tourism Research, Journal of Environmental Management* and the *Australian Transport Research Forum*. Dr McLeod has acted as a consultant to several government departments and private firms and has served on a number of Government Committees of Inquiry. He has recently reviewed several pieces of policy legislation under the National Competition Policy including energy legislation, legislation for the sale of the Dampier to Bunbury gas pipeline, and water legislation. Dr McLeod is currently the Dean of the Faculty of Economics and Commerce.

**M.A.B. Siddique**, BA-Hons MA Mphil (Rajshahi), DipResMeth (Dhaka), DipResRurDev (Hawaii), PhD (W.Aust.).

Dr Siddique’s main publications have been in the areas of migration, trade, development and applied econometrics, with special focus on the Indian Ocean Region and Sub-Saharan Africa. He has extensively published scholarly articles in international journals such as the *Environment International, International Journal of Social Economics, Mathematics and Computers in Simulation, South African Journal of Economics and South Asia*. He has also authored, edited and co-edited numerous books including *Evolution of Land Grants and Labour Policy of Government: The Growth of the Tea Industry in Assam 1834-1940* (South Asian Publishers: New Delhi); *International Migration into the 21st Century: Essays in Honour of Reginald Appleyard* (Edward Elgar Publishers, Cheltenham: UK, Northampton, MA: USA); *Human Resources and Gender Issues in Poverty Eradication* (Atlantic Publishers and Distributors: New Delhi); and *External Powers in the International Relations of the Southern Hemisphere: Political, Military, and Economic Dimensions* (Observatoire Des Relations Internationales
Dans l'Hémisphère Sud: France). During 2002, he co-edited three books and authored and co-authored several chapters in these books. Dr Siddique is the Director of the Centre for Migration and Development Studies.

**P.C. Statham**, BEc-Hons (Monash), PhD (W.Aust.).
Dr Statham’s main research interests are in Australian and British economic history and business history, particularly early Australian economic growth. She has published a number of articles in the *Australian Economic History Review* and *Royal Australian Historical Society Journal*, among other journals, but her main contribution has been in books. She was responsible for the first volume in the *Dictionary of Western Australians* series covering the period 1829 to 1850, then edited a book on the letters of a prominent early settler, and contributed to one on the first Surgeon in Western Australia. She then examined the origins and early growth of all of Australia’s Capital Cities, followed by a study of the contribution made by the New South Wales Corps to early Australian capitalism. Her interest in early trade then led to the co-editorship of a book titled *Life on the Ocean Wave: Voyages to Australia, India and the Pacific, from the Journals of Captain George Bayly 1824-1844* (Miegunyah Press, 1998). In between books she has written various reports on heritage matters for the State and Federal Governments, and has researched and written entries on early Australian entrepreneurs for the *Australian Dictionary of Biography* and undertaken several book reviews for the *Australian Economic History Review*. Her interests have now turned back to Western Australia, as she is writing a definitive biography of the State’s founder and first Governor, Admiral Sir James Stirling. A paper on Stirling’s role in the Battle of Pinjarra, October 1834, was presented at the joint history conference at Kalgoorlie in September, 2001 and is to be published in *Studies in Western Australian History* in 2003.

**M. Tcha**, BA (Seoul National University), PhD (Chicago).
Dr Tcha specialises in applied microeconomics, sports economics and international economics. His papers have been published in a range of international journals such as *Economic Development and Cultural Change*, *Economic Record*, *Resources Policy*, *International Regional Science Review*, *Economics Letters*, *Journal of Sports Economics*, *Journal of Asian Business* and *Papers in Regional Science*. His recent research has concentrated on microeconomics (in particular the altruism approach), sports economics, Asia-Pacific Rim economies, direct foreign investment, exchange rate pass-through, comparative advantage and topics in the economics of resources such as the analysis of iron ore and steel markets.

**E.J. Weber**, Lic oec publ (Zurich), MA PhD (Rochester).
Y. Wu, BS (Anhui), MA (Nankai), MA (ANU), PhD (Adel.).

LECTURERS

D.J. Butler, BA MSc (York), PhD (W.Aust.).
Dr Butler’s research interests focus on the application of experimental methods to the economic theory of individual choice. In particular he researches the adequacy of the expected utility model and its rivals, and the role of motivations such as reciprocity and fairness in game theory. He is Deputy Director of the Australian Centre for Experimental Economics. Dr Butler has published in international journals such as *Acta Psychologica, Economics Letters, Journal of Economic Surveys, The Manchester School of Economic and Social Research*, and the *Journal of Economic Behavior and Organization*. He is currently a visiting Assistant Professor at the Department of Economics, University of Arizona.

P. Crompton, BBus-Hons (Curtin) PhD (W.Aust).
Dr Crompton’s research interests include the econometric modelling of commodity markets, the relationship between metals demand and economic activity and the world iron ore, steel and coal industries. He has published in *Journal of Environmental Economics and Management, Agricultural and Resources Quarterly, Resources Policy, Journal of Chinese Economic and Business Statistics* and *Applied Economics Letters*. Dr Crompton also contributes to the *Agricultural and Mineral Commodities Yearbook* published by Europa Publications. He regularly works as a consultant to several of Australia’s largest mining companies and is currently an examiner on the Tertiary Entrance Examination panel for Economics until 2005.
ASSOCIATE LECTURERS

A. Ali, BA-Hons (Ceylon), MPhil (LSE), PhD (W.Aust.).
Since obtaining his doctorate in 1980, Ameer Ali has held academic appointments at the University of Ceylon, Murdoch University, the University of Brunei Darussalam, and at the University of Western Australia. His teaching has mainly been in economic theory, economic development and history of economic thought. Dr Ali’s recent research has concentrated on the development problems in Muslim countries, especially in the light of recent revivalist movements. His latest paper, “Plural Identities and Political Choices of the Muslim Community” appeared in the History of Ethnic Conflict in Sri Lanka (2001). His monograph on Brunei was published in 1996 under the title From Penury to Plenty: Development of Brunei Darussalam 1906 to Present. His writings have appeared in several international journals including Asian Survey, South Asia, Asian Profile, The American Journal of Islamic Social Sciences, The Journal of Objective Studies, Asian Profile, and the Journal of Interdisciplinary Economics.

B. Gidney, MA Dip Ed (Cantab.), MACE.

J. Fogarty, BEc GradDipEcon (W.Aust.).
James Fogarty joined the Economics Program as an Associate Lecturer in 2001. He is currently working on his PhD thesis entitled The Economics of Wine: Pricing, Quality and Rate of Return and a related paper “Why is Expert Opinion of Wine Valueless?”. In 2002, he assisted with teaching in the introductory microeconomics and macroeconomics courses, second year microeconomics and Business Economics 245.

A. Williams, BEc-Hons (W.Aust.).
Mr Williams teaches at both UWA and Notre Dame University. His teaching has been mainly in the core theory courses, Environmental Economics and Business History. He is currently engaged in a project to facilitate interactive web-based learning for the Economics Program, which went on-line for first year students in 2001. His present research interests focus on economic development, particularly with respect to the link between governance and economic growth.
RESEARCH FELLOWS

A.T. Le, BBus (Curtin), MEc PhD (W.Aust.).
Anh Le’s research interests include labour market outcomes of migrants, educational attainment, unemployment and gender wage differentials. Her recent papers have been published or are forthcoming (with P.W. Miller) in a range of journals, including *Education Economics, Economic Record* and *Australian Economic Review*. She is currently working with Paul Miller on research relating to educational attainment.

Y.L. Lee, BEc-Hons (W.Aust.), MEc (W.Aust.), PhD (W.Aust.).
Dr Lee’s research interests include economic returns to education, the wage effects of addictive behaviours and links among schooling, literacy and numeracy skills and labour market success. Currently, he is working with Paul Miller on research relating to *Neighbourhood Effects and the Immigrant Adjustment Process*. He has articles published or forthcoming in *Economic Record, Australian Journal of Labour Economics* and *Australasian Journal of Regional Studies* (with P.W. Miller).

POSTDOCTORAL RESEARCH FELLOW

M.T. McLure, BA (Murd), Grad DipEd (WAIT), MEc (W.Aust), PhD (Curtin).
Dr McLure’s research is directed towards the generalisation and enhancement of 20th century fiscal research by Italian scholars influenced by Vilfredo Pareto, with a view to developing a New-Paretian approach to public finances and fiscal sociology. He is the author of the Routledge monograph *Pareto, Economics and Society: The Mechanical Analogy* and the co-editor (with J.C. Wood) of Routledge’s four volume *Vilfredo Pareto: Critical Assessments* and the three volume *Wassily Leontief: Critical Assessments*. He has also prepared policy advice for the State Government on taxation matters in his previous capacity as an officer of the Department of Treasury and Finance. Dr McLure’s articles have been published in academic and professional journals such as the *Australian Economic Papers, History of Economics Review, Quarterly Bulletin of Economic Trends* and *Economic Papers*.

HONORARY SENIOR RESEARCH FELLOWS

R. Gabbay, BSc MA-Econs (Tel Aviv), DrPolSc (Geneva).
Dr Gabbay specialises in contemporary Middle Eastern issues, energy and oil (with special emphasis on OPEC), development economics, tourism in the Indian Ocean island states and the role of culture in international marketing. He has published fifteen books and over 70 articles and monographs. Dr Gabbay is now working on his fifth volume of *Australia and the Middle East 1945-2000* (*a socio-economic and political study*), and is supervising one PhD student. Dr Gabbay’s latest edited books are entitled: *Advances in International Marketing and Global Strategy*, and *Issues in Marketing Management and Strategy*, both published by Academic Press International.
2. STAFF

R.N. Ghosh, MA-Econs (Delhi), PhD (Birmingham).
Dr Ghosh retired from the Economics Program at the end of 1994. Since his retirement he has been a Senior Honorary Research Fellow, and has continued to contribute to the Program’s teaching and research activity. He is a specialist in the History of Economic Thought. In comparatively recent years he has published on topics relating to a wide range of development issues such as good governance, corruption and its impact on development, gender issues and the environment. He has also published on the role of tourism initiating development in the LDCs. Dr Ghosh’s latest edited book is entitled Human Resources and Gender Issues in Poverty Eradication, 2001 (Atlantic Publishers and Distributors, New Delhi). Dr Ghosh is the current chairman of the International Institute of Development Studies (IIDS)-Australia.

N. Islam, BScAgEcon-Hons, MScAgEcon (BAU), MS (UPLB), PhD (La Trobe).
Dr Islam is an Agricultural and Resource Economist with the State Department of Agriculture and a Senior Honorary Research Fellow with the Economics Program. He has extensive experience in academic, government and international research and development organisations (such as the International Rice Research Institute and the World Bank), and has developed economic models related to agriculture for practical policy formulation and decision-making, including the measurement of productivity of the agricultural sector in Western Australia. He has also developed computer based ‘supply-chain’ models for 20 major agricultural industries in WA. His expertise lies in economic modelling, benefit-cost analysis, monitoring and evaluation, and general economic analysis. Since 1996, he has been collaborating with the Economic Research Centre at UWA on input-output and computable general equilibrium (CGE) models for the WA economy to study the impact of agricultural policies on the Western Australian economy. In 2002, Dr Islam has completed a research project (jointly with Peter Johnson) on “The Economics of Value Adding in WA Agriculture”, funded by the Department of Agriculture, Western Australia, and a report is to be published.

ADJUNCT PROFESSORS

P.H.B. Franses, MSc (Groningen) PhD (Erasmus University Rotterdam).
Philip Hans Franses is a Professor of Applied Econometrics, Econometric Institute, and a Professor of Marketing Research, Department of Marketing and Organization, both at Erasmus University Rotterdam. His research interests include applied econometrics, empirical finance, marketing research, and diverse areas such as environmetrics and political science. He is editor-in-chief of Statistica Neerlandica, and Associate Editor of seven international journals, including the Journal of Applied Econometrics and the International Journal of Forecasting. Professor Franses has published prolifically in numerous leading international refereed journals, including Journal of Econometrics, Journal of Business and Economic Statistics, Journal of Applied Econometrics, Review of Economics and Statistics, Journal of Time Series Analysis, and Journal of Marketing Research. He is the co-author of various books with Cambridge University Press and Oxford University Press, including Time Series Models in Business and Economic Forecasting (1998) and Quantitative Models in Marketing Research (2001), both of which have proved to be extremely popular.
He was appointed to the position of Adjunct Professor in the Economics Program at UWA in December 2001.

**A.J. Jakeman, BSc-Hons (UNSW), PhD (ANU).**

Tony Jakeman is Professor of Environmental Systems, Centre for Resource and Environmental Studies, Institute of Advanced Studies, and Foundation Director of the Centre for Integrated Catchment Assessment and Management (ICAM), at the Australian National University. Since 1987, Professor Jakeman has been President of the Modelling and Simulation Society of Australia and New Zealand, and since 1999 the Foundation President of the International Environmental Modelling and Software Society. He is presently a member of the Board of Directors of the International Association for Mathematics and Computers in Simulation and on the Executive Boards of several international conferences. Professor Jakeman is on the editorial boards of a number of international journals, including *Environmental Modelling and Software* (Editor-in-Chief), *Journal of Forecasting* (Associate Editor), *Environmetrics* (Associate Editor), the Editorial Advisory Boards of *Ecological Modelling, Hydrological Processes, and Systems Analysis Modeling Simulation*, and the Advisory Boards of the *Encyclopedia of Life Support Systems* and the *Numerical Insights Book Series*. He is a world renowned scholar, with research interests in the identification, analysis and resolution of environmental policy problems, particularly those in hydrology, water quality and air quality management. Professor Jakeman leads several projects in the ICAM Centre, including “An Integrated Water Resource Assessment Framework for the Ping Basin, Thailand.” This project involves economic, sociocultural, biophysical and information technology aspects and is funded by the Australian Centre for International Agricultural Research. He is a prolific publisher, with well over 200 books and articles in international journals in his two decades at the ANU. Professor Jakeman has been a Visiting Scholar at Stanford University and a Visiting Researcher at the Institute of Hydrology in the UK. In 1998 he was an invited visitor to the Isaac Newton Institute at the University of Cambridge. He was appointed to the position of Adjunct Professor in the Economics Program at UWA in November 1995.

**L. Oxley, FMSSANZ, BA-Hons (Wales), MA (Money and Finance) (Sheffield), PhD (Tilburg).**

Les Oxley is Head and Professor of Economics in the Department of Economics at the University of Canterbury, New Zealand. Professor Oxley has previously been a Visiting Research Fellow at the Australian National University and Visiting Senior Lecturer at Monash University and UWA. He is one of the Foundation Editors of the *Journal of Economic Surveys*, which is published by Blackwell, is on the editorial boards of several international journals, and has edited a number of scientific monographs in economics, econometrics, and financial econometrics. Professor Oxley has published extensively in the leading international journals in economics, applied econometrics and economic history, including *Explorations in Economic History, Economic History Review, Journal of Economic History, Review of Income and Wealth, Applied Economics, Economic Record, Australian Economic History Review, and Environmental Modelling and Software*. He currently holds two prestigious and highly competitive Royal Society of New Zealand Marsden Fund grants and two New Zealand Foundation for Research, Science and Technology grants. He was
appointed to the position of Adjunct Professor in the Economics Program at UWA in December 2001.

L.A. Sjaastad, BA MA PhD (Chicago).
Larry Sjaastad is a Professor of Economics at the University of Chicago. His research has been highly influential in three areas: migration, international economics and economic policy. He has published widely, and his papers “The Costs and Returns to Human Migration”, published in the *Journal of Political Economy*, and *How Protection Taxes Exporters* (with K. Clements), published by the Trade Policy Research Centre, London, are regarded as classics and are widely cited. Recent publications include “The Price of Gold and the Exchange Rate” (with F. Scacciavillani) and “On Exchange Rates, Nominal and Real”, both published in the *Journal of International Money and Finance*. Professor Sjaastad has made major contributions to economic policy in Latin America and, in 1993, was awarded the highly prestigious honorary degree of Doctor Honoris Causa from the Universidad Nacional de Tucuman, Argentina. Professor Sjaastad was appointed to the position of Adjunct Professor of the Economics Program in March 1996.

OTHER ACADEMIC STAFF

In addition to members of staff, the Economics Program has benefited from the assistance in teaching of the following:

- Ms Elisa Birch
- Ms Renae Bothe
- Mr Chris Branston
- Mr Felix Chan
- Mr Chris Edwards
- Ms Katherine Gilders
- Ms Jane Harrison
- Ms Suhejla Hoti
- Mr Baiding Hu
- Ms Jodie Kampf
- Ms Elaine Loh
- Mr Gareth Maguire
- Mr Liam McCarthy
- Mr Christopher O’Keefe
- Ms Crystal Ossolinksiki
- Mr Vitaly Pershin
- Mr Kim Radalj
- Mr John Roberts
- Mr Adam Sharpe
- Ms Sharon Smith
- Ms Patricia Wang
- Ms Kate Ward
- Ms Kirsten Wren
- Mr Bernardo Veiga
- Ms Gina Yoon
- Mr Felix Chan
- Mr Chris Edwards
- Ms Katherine Gilders
- Ms Jane Harrison
- Ms Suhejla Hoti
- Mr Baiding Hu
- Ms Jodie Kampf
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- Mr John Roberts
- Mr Adam Sharpe
- Ms Sharon Smith
- Ms Patricia Wang
- Ms Kate Ward
- Ms Kirsten Wren
- Mr Bernardo Veiga
- Ms Gina Yoon
- Mr Felix Chan
- Mr Chris Edwards
- Ms Katherine Gilders
- Ms Jane Harrison
- Ms Suhejla Hoti
- Mr Baiding Hu
- Ms Jodie Kampf
- Ms Elaine Loh
- Mr Gareth Maguire
- Mr Liam McCarthy
- Mr Christopher O’Keefe
- Ms Crystal Ossolinksiki
- Mr Vitaly Pershin
- Mr Kim Radalj
- Mr John Roberts
- Mr Adam Sharpe
- Ms Sharon Smith
- Ms Patricia Wang
- Ms Kate Ward
- Ms Kirsten Wren
- Mr Bernardo Veiga
- Ms Gina Yoon
- Mr Felix Chan
- Mr Chris Edwards
- Ms Katherine Gilders
- Ms Jane Harrison
- Ms Suhejla Hoti
- Mr Baiding Hu
- Ms Jodie Kampf
- Ms Elaine Loh
- Mr Gareth Maguire
- Mr Liam McCarthy
- Mr Christopher O’Keefe
- Ms Crystal Ossolinksiki
- Mr Vitaly Pershin
- Mr Kim Radalj
- Mr John Roberts
- Mr Adam Sharpe
- Ms Sharon Smith
- Ms Patricia Wang
- Ms Kate Ward
- Ms Kirsten Wren
- Mr Bernardo Veiga
- Ms Gina Yoon

GENERAL STAFF

The Economics Program has also benefited from the assistance of a small, highly professional administrative group:

- **Research Assistant**: Ms Gina Yoon
- **Administrative Officer**: Ms Glenys Walter
- **Administrative Secretary**: Ms Helen Reidy
- **Senior Clerk/Typist**: Ms Sue Turner
3. EXAMPLES OF RESEARCH

The outstanding research record of the Economics Program is clearly illustrated by indicators such as the number of publications in prestigious journals, its excellent record of winning external research grants, and the outstanding performance of the Program’s PhD students. The impetus for these achievements includes a vibrant research culture and a supportive environment that has been nurtured over many years. While the Program is relatively small in terms of the number of academic staff, it has nevertheless managed to successfully achieve both specialisation and diversification of research expertise. Areas of specialty possessed by Program staff range widely from microeconomics to macroeconomics, from pure theory to economic statistics, and from economic history and thought to mathematical economics and econometrics.

To give a feel for the type of research carried out in the Economics Program, the following describes four recent projects. Subsequent sections of this report give information on research in the form of publications, grants, thesis topics, etc.

Professor Michael McAleer (in conjunction with D. Marinova) used technological strength indicators based on patent statistics for 1975-2000 to analyse the patenting of nanotechnology (that is, nanoscience and technology which addresses, controls, modifies and fabricates materials, structures and devices with nanometre precision) in the USA, and to compile international rankings for the top 12 foreign patenting economies. The four indicators used are an index of technological specialisation, patent shares, citation rate, and the rate of assigned patents. The overall ranking for each country was obtained as an average of the four indicators and is summarised in Figure 1, where a higher value of the index implies a lower ranked performance. One of the more striking findings of this research is that expertise and strength in nanotechnology are not evenly distributed among the technologically advanced nations.

FIGURE 1

RANKINGS OF COUNTRIES FOR US NANOTECHNOLOGY PATENTS, 1975-2000

Financial economics is one of the most active fields in the discipline and several staff specialise in this area. Associate Professor Nic Groenewold recently examined the very topical issue regarding the overvaluation of stock prices. In his research (conducted in conjunction with P. Fraser and A. Black), he investigated whether the UK stock market was still overvalued. Fundamental stock prices were computed using a VAR model of the relationship between stock prices and the real economy, based on the dividend-discount model. His findings, presented here in Figure 2, clearly indicate that in the UK, stock prices were substantially overvalued throughout most of the 1990s, but by August of 2002 had reverted to their “fundamental value”. This research was prominently discussed in the Financial Times.

Another research project that attracted substantial public attention was Professor Ken Clements’ study on marijuana. Figure 3 reveals that relative marijuana prices in Australia have fallen much faster than the 24 other commodities listed in the figure. This raises a very important question as to whether the decline can be explained by improvements in productivity due to the adoption of hydroponic growing techniques, or is it because of a lessening of the effort devoted to the enforcement of drug laws?

Labour economics is another field in which the Economics Program has much expertise. In a recent study of whether education represents value added by the schools sector or is a sorting mechanism of innate ability, Professor Paul Miller (in conjunction with C. Mulvey and N. Martin) estimated the return to education for identical (MZ) and non-identical (DZ) twins for various age groups. The return to education for MZ twins represents the pure effect of education once account is taken of ability differences across twins. The analysis shows that the return to education among older groups of MZ twins is lower than that among younger groups of MZ twins (see Figure 4). This suggests that the pure effect of education on earnings declines with time in the labour market. In comparison, the return to education among older groups of DZ twins is typically higher than that among groups of younger DZ twins. As the return to education for DZ twins, but not that for MZ twins, is biased by the omission of a measure of ability, the widening of the gap between the estimates of the returns to schooling for MZ and DZ twins is indicative of a strengthening of the role of ability in the earnings determination process with time in the labour market. This, and the decline in the pure effect of education, is consistent with the predictions from sorting models.
3. RESEARCH

FIGURE 2
ARE SHARES OVERVALUED?


FIGURE 3
MARIJUANA AND COMMODITY RELATIVE PRICE CHANGES


FIGURE 4
THE RETURN TO EDUCATION BY AGE GROUPS: MZ TWINS

4. SEMINAR SERIES

In 2002, 26 speakers presented their research findings in the Economics Program Seminar Series. Many of the speakers invited to participate in the seminar series also presented seminars at Curtin University and Murdoch University, and the cooperation of these universities has enabled high standards to be maintained. Most members of staff took an active interest in the seminar series, and found the contact with academics from other institutions rewarding. Highlights of the year included the contributions by Guglielmo Caporale (South Bank University), Jerry Hausman (MIT), Thierry Jeantheau (Universite de Marne-la-Vallee), Bruce Lyons (University of East Anglia), Mark Rogers (Oxford), John Siegfried (Vanderbilt University), Lloyd B. Thomas (Kansas State), John Tilton (Colorado School of Mines) and Niels Westergard-Nielsen (University of Aarhus). The convenors of the seminar series in 2002 were Nic Groenewold and David Butler in first semester, and Nic Groenewold and Paul Crompton in second semester.

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### 4. SEMINARS

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5. DISCUSSION PAPERS

Research findings from the Economics Program were circulated in 2002 through the Economics Discussion Papers Series. These Discussion Papers are distributed to universities, government bodies and individuals throughout Australia, North America and Europe. In many instances the Discussion Papers are distributed as part of reciprocal arrangements that ensure the constant flow into the Program’s library of discussion papers from leading overseas and Australian universities. In 2002, 19 Discussion Papers were published, the titles of which are listed below. Copies may be obtained from the Economics Program or via the Program web site at:


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<td>Tcha, M., Lio, F.</td>
<td>An Analysis of Food Aid and Altruism</td>
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6. PUBLIC LECTURE PROGRAM

The Economics Program presented two major public lectures during the academic year, the Shann Memorial Lecture and the Economics Teachers’ Seminar. The first Shann Memorial Lecture was presented in 1961, and since then the Lecture has earned an enviable reputation for a high standard of scholarship, with the annual address making a substantial contribution to economic debate both inside and outside Western Australia. The Economics Teachers’ Seminar was an innovation in 1994 and has proved to be very successful. Details on the lecture program in 2002 are provided below.

THE SHANN MEMORIAL LECTURE

The Shann Memorial lecture is held in memory of the contribution made to the University of Western Australia by Edward Shann, the Foundation Professor of Economics. This annual lecture is organised jointly by the Economics Program at UWA and the WA Branch of the Economic Society of Australia.

Professor Shann was born in Hobart in 1884, coming to Perth in 1913 at the establishment of the University. He was the Professor of History and Economics for twenty-two years until he moved to the University of Adelaide early in 1935.

Past lecturers, who have distinguished themselves in Economics or Finance in Australia and overseas, have included Dr Herbert Cole (Nugget) Coombs (1963), Professor Sir John Hicks (1967) (Nobel Prize Winner in Economic Sciences, 1972), Professor Adrian Pagan (1996), Professor John Freebairn (1997), Mr Ian Macfarlane (1998), Professor Allan Fels (1999), Professor Peter Lloyd (2000) and Mr Ted Evans (2001).

The 2002 Shann Memorial Lecture was presented by Dr Don Stammer. He taught Economics and Finance at ANU and held senior positions in the Reserve Bank of Australia before joining Deutsche Bank Australia in 1981. Dr Stammer recently retired from investment banking after twenty years as the Chief Economist/Director of Investment Strategy of Deutsche Bank Australia and is currently a director of several companies and Chairman of the Australia Korea Foundation. In addition to this, Dr Stammer writes a column for the business magazine *BRW*. Dr Stammer’s lecture was delivered on September 5 and was entitled “Change in the Australian Economy: What it Means for Australians and for Australian Economists”. In his lecture, Dr Stammer reflected on Australia’s economic progress over the past fifty years and argued that Australia has progressed significantly from a situation of high inflation, unrealised growth potential and periodic recessions during the 1970s and 80s. Over the last twelve years, Australia, along with China and Ireland, has been ranked as one of the best performing economies of the world. Dr Stammer attributed this to improvements in the management of monetary and fiscal policy, improvements in national savings, the floating of the Australian dollar, productivity growth and structural reform. However, he warned that although business cycles have become milder, these cycles would never disappear completely from the Australian economy.

Dr Stammer also commented on the changes in the nature of issues such as unemployment, the current account deficit, terms of trade and poverty, income and
wealth. While noting that these developments have made Australians better equipped to deal with dynamics in the world economy, he stressed the importance of a support system to assist those faced with the associated realities of economic disruption. In line with this, Dr Stammer advised Australian economists should continue to maintain low inflation as the primary goal of monetary policy and to direct the budget towards providing a good safety net for the economy and as a way to contribute to national savings. While economists may take some satisfaction from the gains to national prosperity and employment that have flown from structural changes, he cautioned against reform fatigue, arguing that Australia’s economic future will remain bright, provided policy makers press ahead with reform.

Dr Stammer’s address was warmly received by the 175 academics, policy makers, business professionals and students who attended the lecture.

ECONOMICS TEACHERS’ SEMINAR

The Annual Economics Teachers’ Seminar was presented on Thursday, May 16. This year’s seminar was organised in cooperation with the Economics Teachers’ Association of Western Australia and the Reserve Bank of Australia. The primary aim of the seminar is to promote the professional interaction between high-school teachers and staff in the Economics Program through the facilitation of understanding of the current state of the economy, and how to present such material in an interesting and effective way in the classroom.

Professor Ken Clements, Head of the Economics Program, chaired the seminar. His welcome speech stressed that the demand for economics graduates was very strong and urged teachers to encourage their good students to pursue an economics degree. As in previous years, the seminar started with the winners of the Bachelor of Economics Bursaries presented with their certificates. The three students awarded bursaries this year were Jeremy Lunt (Hale School), Thomas Milton (Wesley College), and Russell Murry (Canning College). The presentations were made by Bruce Hancey on behalf of the Economics Teachers’ Association of WA.

The 2002 seminar featured presentations by Jacqui Dwyer, Senior Economist of the Reserve Bank of Australia (Sydney, Head Office) and Yihui Lan, a final year PhD student from the University of Western Australia. Jacqui spoke on the topic “The State of the Economy and Australia’s Monetary Policy”. She gave an overview of global economic conditions and focused on the current status and direction of the domestic economy. Particular attention was given to dwelling activity, which was the key factor underpinning economic growth in most industrial countries last year. Jacqui discussed the operations of Australia’s monetary policy and gave considerable insights into the recent monetary stance. Yihui spoke on the topic “Where is the Australian Dollar Going?” The theory of ‘purchasing power parity’ was examined in the context of a particularly interesting and popular feature of The Economist magazine, the “Big Mac Index”. Yihui showed the usefulness of this index in several economic situations, in particular its success in predicting major exchange rates. On the basis of Big Mac Prices, she concluded with the tentative forecast that the $A would continue to appreciate.
The seminar was attended by 42 people, of whom 16 were economics teachers from a wide cross-section of high schools in Perth. All participants received complimentary compilations of key macroeconomic data prepared by Gina Yoon from the Economics Program, the Reserve Bank of Australia’s May 2002 “Statement on Monetary Policy”, and the materials from the presentations by Jacqui Dwyer and Yihui Lan. The seminar concluded with refreshments. This provided opportunities for Economics teachers to interact with each other, to raise outstanding issues with the speakers and with members of the staff of the Economics Program.
7. RESEARCH CENTRES

There are three research centres attached to the Economics Program. They are the Economic Research Centre, the Centre for Migration and Development Studies and the Centre for Labour Market Research. Each of these centres has been instrumental in raising the national and international profiles of the Program. This has been achieved through the organisation of seminars and conferences, the research conducted and through the visitors attracted to the centres. The major activities of each centre are listed below.

THE ECONOMIC RESEARCH CENTRE

Having been established in 1986, the Economic Research Centre (ERC) has been contributing to the enhancement of the research profile of the Economics Program through conducting a substantial amount of economic research, attracting numerous visiting academics, and actively participating in honours/postgraduate research training. The Centre has a number of Research Associates including MoonJoong Tcha, Juerg Weber and Yanrui Wu from the Economics Program, Robert Greig from the Commonwealth Treasury, Helal Ahammad from ABARE, Ye Qiang from the WA Department of Minerals and Petroleum, Meher Manzur from Curtin University, Antony and Saroja Selvanathan from Griffith University, Larry Sjaastad from the University of Chicago, Andrew Feltenstein from Virginia Polytechnic Institute, Dongling Chen from SGE Jianyang Network Co. Ltd., Li Lian Ong from the IMF, Washington, John Roberts from ACIL Tasman Consulting, and Nazrul Islam from the WA Department of Agriculture.

Research conducted by the ERC includes international trade and finance, mineral and energy economics, the world metals economics, migration economics, demand analysis, the economics of marijuana consumption and the compliance costs of taxation. Its work on economic issues in Western Australia is consistent with the expectation that the University of Western Australia should, wherever possible, build on contacts made with local industry. The Centre’s capability for research has been widely recognised and is reflected in its record of winning outside research grants from various sources such as the ARC, Woodside and POSCO. The ERC has close professional relationships with a number of institutions, including the ANU, the University of Chicago, Colorado School of Mines, SungKyunKwan University, Seoul National University, Korea Development Institute and POSCO Research.

The ERC co-organises with ANU the PhD Conference series. These conferences have involved almost 400 PhD students, who have presented papers, as well as some of Australia’s leading economists who have acted as discussants. Through their presentations, the PhD students gain valuable experience, exposure and help with their research. Students from all the major Australian and New Zealand universities have participated in the Conferences, as have students from some of the top institutions in the world, such as Cambridge, Chicago, LSE, MIT, Nottingham and Queen’s.
The Centre for Migration and Development Studies (CMDS) was established in 1987 to facilitate and encourage research on the migration-development process in general, the impact of permanent migration on Australia’s socio-economic development, and the impact of migration on socio-economic change in developing countries. A number of practitioners in development economics from Australia, Bangladesh, Canada, India, Malaysia, New Zealand, South Africa, Sri Lanka, The Netherlands, UK and the USA are associated with the Centre’s activities as Research Associates.

Academic staff associated with the CMDS have published articles and books on development issues, including several volumes in conjunction with UNESCO and the National Centre for Development Studies at the Australian National University. Between 1995 and 2001, members of the Centre published a number of books including the four-volume *Emigration Dynamics in Developing Countries* (Edward Elgar Publishers); *Contemporary Issues in International Business and Marketing* (Academic Press International); *International Migration into the 21st Century: Essays in Honour of Reginald Appleyard* (Edward Elgar); *Human Resources and Gender Issues in Poverty Eradication* (Atlantic Publishers and Distributors). During 2002, members of the Centre completed numerous books for publication including *Essays on Development Issues* (Atlantic Publishers and Distributors, New Delhi, India, forthcoming); *A Handbook of Sustainable Development Planning: Studies in Modelling and Decision Support* (Edward Elgar Publishers, Cheltenham, UK; Northampton, MA, USA, forthcoming); *Tourism and Economic Development* (Ashgate Publishing Limited, UK, forthcoming); and *Twentieth Century Development: Some Relevant Issues* (Nova Science Publishers, Inc., New York, USA, forthcoming).

The Centre is also very active in organising international seminars and conferences on contemporary development-related issues. During 2002, the CMDS organised two public lectures on September the 11th 2001: *Will it make a Difference to the Global Anti-Money Laundering Movement?*, and *Accountability Role of the Auditor General*. Additionally, in collaboration with the Consulate-General of Japan in Western Australia, the Centre organised a major breakfast seminar on *The Significance and Role of Economic Relationships between Australia and Japan, vis-à-vis the Economic Development of the Asia-Pacific Region*. Mr Gyohten Toyoo, President of the Institute for International Monetary Affairs, was the speaker at the Seminar and Mr Kiyoshi Shidara, Consulate General of Japan, opened the seminar with a speech on the importance of bilateral relations between Australia and Japan. Mr Toyoo’s presentation was followed by lively comments and questions from the over 80 participants.

In more recent years the CMDS has been carrying out significant research on the Indian Ocean region, with special focus on island states and the big countries of the region such as India, South Africa and Australia. Publications of CMDS have covered a wide range of topics including:

- sustainable development and environment;
- trade and tourism in relation to economic and social change;
- economic planning and performance;
- economic development and change; and
- role and effectiveness of economic aid.
The Centre’s publications dealing with the Indian Ocean Rim countries have achieved national and international recognition in both government and academic circles.

THE CENTRE FOR LABOUR MARKET RESEARCH

The Centre for Labour Market Research (CLMR) is a consortium of Murdoch University, the University of Western Australia, Canberra University, Edith Cowan University and Curtin University of Technology. It has been operating for 16 years and has significant economic research capabilities. The Centre is now located at the University of Western Australia and its Director is Professor Charles Mulvey. The Centre also has 26 Research Associates who hold academic positions in several disciplines including economics, education, psychology, management and industrial relations at the five universities. The Centre employs a full-time research fellow, one research assistant and an administrative assistant, plus several casual research assistants.

Since its inception in 1985 the Centre has become a highly regarded and nationally recognised research organisation with an enviable record of contract research and publication in all aspects of labour market and education research. In recent years the Centre has undertaken major research projects, either through contracted research or research grants, for: The Department of Employment, Workplace Relations and Small Business, AusAID; the Department of Education, Training and Youth Affairs; the Economic Planning and Advisory Council; the Australian Bureau of Statistics; the Australian National Training Authority; the Full Employment Project at Melbourne University; the Bureau of Immigration and Population Research; the Department of Tourism; the Western Australian Departments of Training and Employment, Commerce and Trade; Education, Productivity and Labour Relations; the New South Wales Treasury; the Western Australian Ministry of Premier and Cabinet; the Western Australian Department of Education Services; the National Centre for Vocational Education Research and the Technology and Industry Advisory Council of Western Australia; and the Commonwealth Department of Health and Aged Care.
8. PhD CONFERENCE IN ECONOMICS AND BUSINESS

The 2002 PhD Conference in Economics and Business was held at the Australian National University, Canberra, from 6-8 November 2002. It was the fifteenth in this series of Conferences, and is a joint venture between the Economic Research Centre at the University of Western Australia and the Centre for Economic Policy Research at the Australian National University. The Conference is made possible due to the generous financial support received from a number of public and private institutions.

The objective of the PhD Conference series is to help with the training of promising doctoral students in economics and business by giving them the opportunity to gain feedback on and exposure for their research. It also enables PhD students to meet with their peers and to make contact with senior academics and researchers with similar interests. Furthermore, it acts as an informal job market in which the students can demonstrate their abilities and attract attention to their prospects.

This year 31 students presented papers, 28 from Australian universities, one from the University of Auckland, NZ, one from McMaster University, Canada, and one from the Massachusetts Institute of Technology, USA. As in previous years, each student was assigned a discussant who read the student’s paper in advance and prepared a written set of comments. The discussants were drawn from a wide range of Australian universities, while one discussant came from the University of California, Davis, USA. Senior economists from the Productivity Commission and the Reserve Bank of Australia also acted as discussants.

The Conference was officially opened by Professor Bob Gregory of the ANU. The Secretary of the Department of Finance and Administration, Dr Ian Watt, gave the Invited Lecture entitled “Budgets, Balances and Bureaucrats: Reflections on 18 years of Commonwealth Budgets”, which stimulated considerable debate. The Conference dinner was held at the Vivaldi Restaurant, ANU on the Thursday evening. All attending the Conference dinner enjoyed the challenging and entertaining quiz questions (and answers!) provided by Professor Bruce Chapman of the ANU.

In keeping with tradition, prizes for best student presentation and best discussant were decided by ballot. The prize for the Best Student Presentation was awarded to Timothy Kam from the University of Melbourne for his paper entitled “Interest-rate Smoothing and Simple Policy Rules in a Forward-looking Small Open Economy”. The award for runner-up was awarded jointly to James Fogarty, The University of Western Australia for his paper entitled “Why is Expert Opinion on Wine Valueless?” and Thai Cau, The University of New South Wales for his paper entitled “Collusive Behaviour of Generators in Electricity Markets: A Co-evolutionary Analysis”. The Best Discussant award went to Joshua Gans, Melbourne University, and the runner-up was Tom Kompas from ANU.

The Conference Convenor was Bob Gregory and Rae Carson was the Conference Coordinator. Conference delegates paid a special tribute to Rae, as this was the last Conference she will be coordinating following her decision to retire from the ANU.
Her work over the past 15 years has ensured whenever the Conference is held at ANU it is an outstanding success, and her organisational skills will be sorely missed.

The PhD Conference plays a unique role in economic and business research in Australia. Overall, almost 400 students have been involved in the Conference series, and it has made a major impact on graduate training in Australia and beyond. For details of previous Conferences, see Y. Qiang and K.W. Clements “Ten Years of the PhD Conference”, *Economic Record*, 75, 1999 and K.W. Clements and P. Wang, “Who Cites What?”, *Economic Record*, forthcoming.
9. VISITORS TO THE ECONOMICS PROGRAM

The Economics Program was pleased to welcome nine visitors during 2002. These visitors came from Australia, China, France, New Zealand, Singapore, Spain and the UK. During their visits to the Economics Program, the visitors presented seminars and collaborated with members of the Program on research. Details of each visitor’s program are provided below.

Professor Guglielmo Maria Caporale, Laurea (LUISS), MSc (Econ) PhD (LSE).

Guglielmo Maria Caporale is Professor of Economics and Finance and Director of the Centre for Monetary and Financial Economics at South Bank University, London. Prior to taking up his current position, he was a Research Officer at the National Institute of Economic and Social Research in London, a Research Fellow and then a Senior Research Fellow at the Centre for Economic Forecasting at the London Business School, and Professor of Economics at the University of East London. Professor Caporale visited the Economics Program for one week in July to present a seminar paper and to undertake joint research with Professor Michael McAleer on time series financial econometrics. During his visit to Australia, he presented an invited paper on testing for financial contagion to the Australasian Meeting of the Econometric Society, Brisbane. Professor Caporale also presented seminar papers at the University of Technology, Sydney, University of Melbourne, Australian National University, and Curtin University of Technology. His research interests include econometrics, macromodelling, macroeconomics, and international finance. Professor Caporale has published papers in numerous books and leading academic journals, such as Journal of International Money and Finance, Economics Letters, Canadian Journal of Economics, Journal of Macroeconomics, Oxford Bulletin of Economics and Statistics, Journal of Forecasting, Southern Economic Journal, Eastern Economic Journal, Quarterly Review of Economics and Finance, Scottish Journal of Political Economy, Manchester School, International Journal of Finance and Economics, Review of International Economics, Review of Financial Economics, Journal of Economic Surveys, Economic Modelling, Journal of Policy Modeling, and Bulletin of Economic Research. He is a member of various professional bodies, a member of the Money, Macro and Finance Research Group Committee, an active referee for several academic journals, a regular speaker at international conferences, and a consultant to leading companies and international organisations.

Ms Xiangmei Fan, BA (Hunan), MA (Wuhan).

Xiangmei Fan is a Senior Lecturer in the Department of Finance, College of Economics and Management, Hunan Normal University. Her research interests include international finance, the supervision of financial institutions, financial markets, and banking theories. She has published more than ten papers in journals such as the Finance and Economics Journal, Journal of Huxiang Forum, Journal of Modern Banking, and some chapters in books such as Stockholder Behaviors and Stockholder Equity. In August 2001, Ms Fan was awarded a China Education Fund grant to visit the University of Western Australia for one year. She joined the Economics Program in August 2002. Currently, she is undertaking joint research with Associate Professor Nicolaas Groenewold and Dr Yanrui Wu on the Development of Chinese Stock Markets. She will also work on an ACIAR-funded project entitled “International
Comparisons of Food Consumption” (with Professor K.W. Clements and Dr Y. Wu).

**Professor Patricia Fraser**, MEc-Hons (Dundee), PhD (CUBS).

Professor Fraser is the Aberdeen Asset Management (AAM) Professor of Finance and Investment Management at the University of Aberdeen, Scotland. She has previously taught at the University of Dundee and the University of Stirling, and was appointed to the AAM Chair in Finance in 1995. Professor Fraser was appointed to the Houblon-Norman Fellowship at the Bank of England in 1992. She has been a regular visitor to UWA with previous visits in 1997, 1998, 1999, 2000 and 2001, to undertake joint research with Associate Professor Nic Groenewold. She has published extensively in international journals in economics and finance with many of her published papers focussing on aspects of the behaviour of asset prices. She visited the Economics Program for four weeks in November and December to work on a continuing project with Associate Professor Nic Groenewold on the relationship between share prices and the real economy.

**Professor Li Guoping**, BA(Sichuan), MA (Southwestern).

Professor Li Guoping is Deputy Director of Jinhe Economic Research Centre, School of Economics and Finance, Xian Jiaotong University. She has worked on projects such as “Theory and Application of Regional Economic Coordination”, “Theory of Western Development” and “Xian Industrial Structure: An Input-Output Study”. Her work has appeared in *Chinese Journal of Social Sciences, Journal of Quantitative and Technical Economics* and *Journal of Renmin University*, to cite a few. Professor Li visited the Program for three months (April-June). During her visit, she worked on two projects viz., “Dynamic Models of Economic Growth: Adjustment to Globalization” and “Industrial Structural Bias”. She also took the opportunity to attend seminars, teaching and learning, and meet with UWA students. Whilst in Australia, she attended an international conference in Sydney in mid July.

**Dr Minsoo Lee**, BEc (St Johns), MA (Statistics) (UCLA), PhD (Economics) (University of Washington).

Dr Minsoo Lee is a Lecturer in Economics, Business and Commerce Division, Lincoln University of New Zealand and formerly Assistant Professor at the University of Washington. He visited the Economics Program for one week in April and presented his paper entitled “Exchange Rate Pass Through and Pricing to Market: The New Zealand Case”. He also continued his joint research with Dr MoonJoong Tcha on FDI and exchange rate pass through economics.

**Dr M.L.C. Lim**, BEc-Hons MEc PhD (W. Aust.).

Christine Lim completed her PhD with Distinction at the University of Western Australia in 1999. Dr Lim is currently a Senior Lecturer in the School of Tourism and Hotel Management at Griffith University, where she has been Acting Head on a number of occasions. Prior to taking up her present position, she was a Lecturer and then Senior Lecturer in the School of Finance and Business Economics at Edith Cowan University. Dr Lim visited the Economics Program for one week in February and one week in November for joint research with Professor Michael McAleer on modelling and forecasting the volatility of international tourist arrivals to Australia. In 2000 Dr Lim received the Inaugural


Thierry Jeantheau is Associate Professor of Statistics in the Department of Mathematics, University of Marne-la-Vallee, France. Prior to taking up his present position, he was a Lecturer in Mathematics in the Department of Economics, University of Paris I, from 1990 to 1994. Professor Jeantheau is a theoretical statistician, with primary research interests in the structure and asymptotics of models in financial econometrics, with a special interest in models of financial volatility. He visited the Economics Program for four weeks in May 2002 to undertake joint research with Professor McAleer on the structure and statistical analysis of models in financial econometrics and time series analysis. During his visit to the Program, he also gave a seminar presentation entitled “A Link Between Complete Models with Stochastic Volatility and ARCH Models” (to appear in *Finance and Stochastics*, a leading international journal in mathematical finance). Professor Jeantheau has previously been a Visiting Professor in the Department of Mathematics at Humboldt University of Berlin. He is also an active member of the DynStoch European Network. Professor Jeantheau has published a number of papers in leading international journals in theoretical econometrics and statistics, such as *Econometric Theory, Bernoulli, Scandinavian Journal of Statistics*, and *Finance and Stochastics*.

**Associate Professor Esther Ruiz**, BEB (Economics and Business) (University of the Basque Country, Bilbao), MSc (Statistics) PhD (Statistics) (London School of Economics).

Esther Ruiz is Associate Professor in the Department of Statistics and Econometrics, Universidad Carlos III de Madrid, Spain. Her main research interests are in the areas of theoretical and applied Financial Econometrics, especially stochastic volatility models, Time Series Analysis, Non-linear Modelling, and Unobserved Components Models. Prior to taking up her present position, Professor Ruiz was an academic staff member at the University of the Basque Country in Bilbao, and the Department of Statistics at the London School of Economics. As a pioneer in the estimation of stochastic volatility models, she has published several significant papers in leading international journals, such as *Review of Economic Studies, Journal of Econometrics, International Journal of Forecasting, Economics Letters* and *European Journal of Finance*. Professor Ruiz visited the Economics Program for one week in July 2002 to undertake joint research with Professor McAleer and Mr Felix Chan on the finite sample properties of alternative estimators of stochastic volatility models. During her visit, Professor Ruiz presented a paper to the Australasian Meeting of the Econometric Society in Brisbane in July, and also presented an informal seminar to staff and graduate students at UWA on the properties of stochastic volatility.
models and their ability to represent the empirical characteristics of high frequency financial returns.

**Associate Professor Zhaoyong Zhang**, BA (Shandong), MBA PhD (KU Leuven).

Zhaoyong Zhang is an Associate Professor in the Department of Economics, National University of Singapore. Professor Zhang’s research interests are in International Trade and Finance, Monetary Economics, Financial Markets in East Asia, Foreign Direct Investment, the East Asian Financial Crisis, Monetary and Economic Integration, and International Macroeconomic Policy Coordination. He has published papers in journals such as the *Asian Economic Journal, World Development, Japan and the World Economy, Mathematics and Computers in Simulation, Journal of Economic Development, Journal of Economic Integration, Development Policy Review, Economia Internazionale*, and *American Asian Review*, and a number of chapters in books on foreign direct investment and regional integration. Professor Zhang is presently guest editing a special issue of *Papers in Regional Science* on foreign trade issues in the Asia-Pacific region. He visited for one week in January, two weeks in May and five weeks in July-August to undertake joint research with Professor Michael McAleer on modelling economic growth in East Asian Economies and monetary integration in East Asia.
10. RESEARCH GRANTS

The Economics Program was highly successful in 2002 in obtaining Australian Research Council Discovery and Linkage Grants; UWA Research Grants and two other competitive grants.

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Project Title</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>AUSTRALIAN RESEARCH COUNCIL</strong></td>
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<tr>
<td><strong>New Discovery Grants</strong></td>
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<td></td>
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<tr>
<td>Professor K.W. Clements</td>
<td>Stochastic Index Numbers and their Application in Accounting, Economics and Finance</td>
<td>$42,000</td>
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<tr>
<td>Professor H.Y. Izan and A/Prof. E.A. Selvanathan</td>
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<tr>
<td>Dr C.S. Suh</td>
<td>Strategy and Structure of the Korean Chaebol: Changes after the 1997 Economic Crisis and Implications for Australia</td>
<td>$60,000</td>
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<td>Dr M. Tcha</td>
<td></td>
<td></td>
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<tr>
<td>Professor C. Leggett and Dr C.A. Wright</td>
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<tr>
<td><strong>New Linkage Project Grants</strong></td>
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<td>Professor K.W. Clements and Dr M. Tcha</td>
<td>Economic Aspects of Wool in Western Australia (WA Department of Agriculture, Industry Partner)</td>
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</tr>
<tr>
<td>Professor P.W. Miller</td>
<td>Higher Education: Access and Equity (DEST, Industry Partner)</td>
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<tr>
<td><strong>Continuation of Existing Large Grants and Existing Discovery Grants</strong></td>
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<td>Professor K.W. Clements and Dr X. Zhao</td>
<td>Modelling Illicit Markets: The Case of Marijuana</td>
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<td>Professor M. McAleer</td>
<td>Modelling a Portfolio of Financial Assets: Structure, Estimation, Testing and Forecasting</td>
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<td>Professor M. McAleer</td>
<td>Modelling the Sensitivity of Interest Rate Volatility to Interest Rate Levels: Testing Alternative Models in Economics and Finance</td>
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<td>Professor P.W. Miller and</td>
<td>Youth in Australia: Education and Work</td>
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<td>Dr A.T. Le</td>
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<td><strong>UWA RESEARCH GRANTS</strong></td>
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<td>Professor M. McAleer</td>
<td>The Econometrics of Intellectual Property</td>
<td>$14,500</td>
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<td>Dr M.A.B. Siddique</td>
<td>Immigration and the Demand for Imports to Australia: Is there a link?</td>
<td>$15,000</td>
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<td><strong>OTHER GRANTS</strong></td>
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<td><strong>ACIAR</strong></td>
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<tr>
<td>Professor K.W. Clements and</td>
<td>International Comparisons of Food Consumption Patterns</td>
<td>$21,556</td>
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<td>Dr Y. Wu</td>
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<td><strong>Chonbuk National University Collaborative Research Grant</strong></td>
<td>Investment in Information and Technology and Firms’ Performance</td>
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<tr>
<td>Dr M. Tcha and A/Professor S.W. Kim</td>
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</tbody>
</table>
11. STAFF PUBLICATIONS

During 2002, members of the Economics Program published their work in a substantial number of books, learned journals or as contributions to books. A list of these publications, which appeared in 2002, are presented below under the following headings:

Books and Edited Books/Journals
Journal Articles
Chapters in Books and Conference Proceedings
Other Research Publications
Publications not included in Previous Reports

BOOKS, EDITED BOOKS/JOURNALS


JOURNAL ARTICLES


**CHAPTERS IN BOOKS AND CONFERENCE PROCEEDINGS**


OTHER RESEARCH PUBLICATIONS

Davies, M. (compiler), Bibliography of the Mining History of Australia, New Zealand and Papua New Guinea, Economics Program, University of Western Australia, for the Australian Mining History Association, 2002, pp. 319+viii.


PUBLICATIONS NOT INCLUDED IN PREVIOUS REPORT


12. STAFF SEMINAR PRESENTATIONS

Staff of the Economics Program made numerous presentations of their research during 2002. Below are details of these presentations.

**David Butler** presented his paper entitled “Preferences, Choices and Errors in the Marschak-Machina Triangle”, at the Department of Economics, University of Adelaide, in April, and to the Department of Economics, University of Arizona, in November.


**Mel Davies** presented “Claude Albo de Bernales (1876-1963) – Making of an Entrepreneur”, at the UWA Economics Program Seminar.

**James Fogarty** presented “Why is Expert Opinion on Wine Valueless?”, at the 31st Australian Conference of Economists, in Adelaide; The PhD Conference in Economics and Business, in Canberra; and at a UWA Economics Program Seminar.


**Michael McAleer** presented 18 seminar papers and 12 conference papers in 2002. His seminar papers were as follows: “Recent Theoretical Developments in Modelling Time-Varying Volatility” and “An Empirical Evaluation of STAR-GARCH Models in the Presence of Aberrant Observations” at the Department of Economics, Bocconi University, Milan; “Maximum Likelihood Estimation of STAR and STAR-GARCH Models: Theory and Monte Carlo Evidence” and “Asymptotic Theory for a Vector ARMA-GARCH Model” at the Department of Econometrics and Statistics, Carlos III University of Madrid; “Structure and Asymptotic Theory for Multivariate Asymmetric Volatility: Empirical Evidence for Country Risk Ratings” at the Department of Finance,
STAFF PRESENTATIONS


MoonJoong Tcha, presented two papers in 2002. They were “Recent Economic-Political Developments in the Korean Peninsula” to the Institute of Foreign Affairs in July and “How to Prepare Research Grant Applications” at the Centre for Staff Development, UWA, in August.

Juerg Weber gave a public lecture on “The Origin and Use of Money”. The lecture was organised by the University of the Third Age, UWA Extension on August 17, 2002.
Yanrui Wu gave presentations at the International Conference on Chinese Economy: Social, Economic, Institutional and International Dimensions (Sydney), the International Workshop on China's Regional Feedgrains Market (Orange) and the Second Biennial Conference of the Hong Kong Economic Association (Hong Kong).
13. OTHER PROFESSIONAL ACTIVITIES

Members of the Economics Program have been very active in contributing to the organisation of various academic societies, and in visiting academic institutions for research purposes. A selection of these activities follows.

David Butler is a member of the American Economic Association, the Economic Science Association and the Australian Economic Society. He has refereed for a variety of international journals including the American Economic Review, Economic Journal and Economica. He is currently a visiting Assistant Professor at the Department of Economics, University of Arizona.

Ken Clements is a member of the Research Committee of the Institute of Public Affairs and the Council of Advisors of the Centre for Independent Studies. He is also a member of the Council of Currie Hall and the University’s Board of Postgraduate Studies.

Paul Crompton worked as a consultant for Hamersley Iron and BHP Billiton in 2002. He is also a member of the American Economic Association and the Australian Economic Society. Paul was also co-convenor of the Program’s 2002 Seminar Series in second semester. He visited the Colorado School of Mines in April 2002.

Mel Davies was re-elected as Secretary/Treasurer of the Australian Mining History Association in 2002 after filling those positions since 1994. He has been responsible for producing a quarterly newsletter and organising the Annual Association Conferences, the most recent being held in Brisbane in July. He was a member of both the Program and Organising committees for the 5th International Mining History Congress at Milos, Greece, and was elected at the Business Meeting to serve on the Co-ordinating Committee and Program Committee for the 6th International Congress, to be held in Hokkaido, Japan during 2003. At the Annual Conference of the American Mining History Association, held in July 2001, he was nominated and elected as Secretary of the International Mining History Association.

Rony Gabbay was a visiting Professor at Notre Dame University, Australia, during 2002 and ran a one-semester course on Islam: Religion, Society and Politics for MALA (Mature Adults Learning Association), Perth.

Robin Ghosh was invited to attend a workshop on “Methodological Issues in Development Economics” in Sydney on 2 August, 2002, that was organised by the Centre for South Asian Studies, School of Economics and Political Science, University of Sydney. He was also invited to join the Editorial Board of The International Journal of Development Issues, published by the University of Sydney.

Brian Gidney was a member of the marking panel for TEE examinations in Economics, and also presented revision seminars in Economics for TEE students.

**Nazrul Islam** was invited to give a lecture on “The Economic Importance of the WA Rangelands in a Wider Agricultural Perspective” for the Honours Natural Resource Management students of the Faculty of Agriculture, UWA. Dr Islam also contributed a paper to the Asia Conference on Efficiency and Productivity Growth, 19-20 July, 2002, Taipei, Taiwan and participated in the Muresk 75th Anniversary Conference on “From Farm to Fork: Linking Producers to Consumers Through Chain”, Curtin University of Technology, Western Australia.

**Michael McAleer** has been Vice-President of the Modelling and Simulation Society of Australia and New Zealand since 1991; Foundation Chair of the International Association for Mathematics and Computers in Simulation Technical Committee on Modelling Socio-economic Systems since 1992; Member of the International Task Force on Forecasting Environmental Change at the International Institute for Applied Systems Analysis, Laxenburg, Austria since 1993; Foundation Member of the Technical Advisory Board, International Institute of Environmental Sciences and Environmental Computing since 1997; Member of the Leading Team for the design and implementation of a Diploma in Environmental Sciences, International Institute of Environmental Sciences and Environmental Computing since 1997; Foundation Vice-President of the International Environmental Modelling and Software Society since 1999; Foundation Vice-President of the Australia and New Zealand Chapter of the Society for Computer Simulation since 1999; Member of the Scientific Advisory Board and Program Committee of the 2003 International Congress on Modelling and Simulation, Townsville, Queensland; Member of the Program Committee of the International Environmental Modelling and Software Society World Congress, Lugano, Switzerland, 2002; Member of the Advisory Committee of the 2002 Australasian Meeting of the Econometric Society, Brisbane, Queensland; assessor for the Australian Research Council Discovery and Linkage Grants, National Science Foundation (USA), Hong Kong Research Grants Council, and Nuffield Foundation for Research in the Social Sciences (UK), and the Centres of Excellence evaluation for the Royal Society of New Zealand; external graduate thesis examiner for the Department of Economics at the Chinese University of Hong Kong; external graduate thesis examiner for the Department of Economics at the National University of Singapore; referee for numerous international refereed scholarly journals; and beta testing of computer software for scientific publishers. For research purposes, in 2001 he was a Visiting Professor in the Department of Mathematics at the Hong Kong University of Science and Technology, and also visited the Department of Economics at Bocconi University, Milan, the Department of Econometrics and Statistics at Carlos III University of Madrid, the Department of Finance at the Chinese University of Hong Kong, the Department of Economics at Complutense University, Madrid, the Econometric Institute at Erasmus University Rotterdam, the Department of Economics at the Hong Kong
University of Science and Technology, the Department of Information and Systems Management at the Hong Kong University of Science and Technology, the Graduate School of Economics at Kyoto University, the Department of Finance and Accounting at the National University of Singapore, the Osaka School of International Public Policy at Osaka University, the Department of Actuarial Sciences and Econometrics at the University of Amsterdam, the Department of Economics at the University of Canterbury, the Department of Statistics and Actuarial Science at the University of Hong Kong, the Graduate School of Economics at the University of Tokyo, and the Department of Economics at the University of Venice.


Abu Siddique is a member of Observatorie Des Relations Internationales Dans L’Hémisphère Sud (ORHIS) Biviers (France). He has been a member of the Economics Syllabus Committee of the Curriculum Council of Western Australia since 1994 and Convenor of the Tertiary Nominating Panel for Economics of this organisation. He is one of the course advisers of the Faculty of Arts. He also is a member of the editorial board of the *International Journal of Business Studies*, Vice-President of Bengali Music and Cultural Centre and State (WA) and co-ordinator of Transparency International Australia. During 2002, he was invited to attend a policy consultation as part of the project “A New Social Settlement: Rethinking Social Policy Across the Life Course”. The project was an outcome of collaboration between the researchers at the University of Melbourne, Deakin University, Monash University, CEDA and the Brotherhood of St Laurence.

Pamela Statham has continued to represent the Faculty on the University Scholarships Committee. She has been a member of the Centre for Western Australian History since its inception. In July 2002 Dr Statham chaired the Australian section of the International Economic History Conference in Buenos Aires. In October 2002, she gave a paper to the Royal Western Australian historical Society titled “The Making of a Colonial Governor: James Stirling”, which will in due course be published in their Journal. It is anticipated that Dr Statham’s Stirling biography will be ready for publication early in 2003.

MoonJoong Tcha was on the organising committee for the conference “Korea and the World Economy”, held at Yonsei University, and chaired two sessions. He is also organising the Economics/Business Panel for the KSAA Conference in 2003. He was an external columnist of the *Global Environment Weekly* and refereed papers for leading journals including *Economic Development and Cultural Change, Resources Policy, Economic Record* and *Australian Economic Papers*. Dr Tcha served as a member of the Faculty’s Board of Examiners for the Singapore Program, Teaching and Learning Committee, and the Information and Technology Committee. He also served as a member of the Social Sciences and Humanities Panel for the UWA Research Grants Scheme, and is an Adjunct Research Associate of the Korea-Australasia Research Centre.
Juerg Weber serves as Honorary Consul for Switzerland in Western Australia.

Yanrui Wu visited the Development Research Centre of the State Council (Beijing), and Asian Agribusiness Research Centre, University of Sydney (Orange) for research purposes. He is the President of the Chinese Economic Studies Association (Australia). He also acted as an anonymous referee for several international journals.
14. TEACHING

Enrolments in several of the Economic Program’s key units remained large, with 949 students enrolled in *Microeconomics, Prices and Markets 101*, and 657 in *Macroeconomics, Money and Finance 102*. Ten other courses had enrolments in excess of 100 students, and a further four had 60 or more students.

A list of units offered by the Program in 2002, together with course co-ordinators and enrolments, follows.

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Title</th>
<th>Co-ordinator</th>
<th>Enrolment</th>
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<td>400.101</td>
<td>Microecon, Prices &amp; Markets 101</td>
<td>Dr P.C. Statham</td>
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<td>Prof. P.W. Miller</td>
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<td>400.102</td>
<td>Macroecon, Money &amp; Finance 102</td>
<td>Dr P. Crompton</td>
<td>657</td>
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<td>400.106</td>
<td>Economic History 106</td>
<td>Mr M.J. Davies</td>
<td>72</td>
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<tr>
<td>400.107</td>
<td>Economic History 107</td>
<td>Mr M.J. Davies</td>
<td>62</td>
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<tr>
<td>400.111</td>
<td>Quant Mthds for Bus &amp; Econs 111</td>
<td>Prof. M. McAlear</td>
<td>187</td>
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<td>400.203</td>
<td>Asia in the World Economy 203</td>
<td>Dr M. Tcha</td>
<td>149</td>
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<tr>
<td>400.210</td>
<td>Monetary Economics 210</td>
<td>Prof. K.W. Clements</td>
<td>148</td>
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<tr>
<td>400.233</td>
<td>Microecon: Policy &amp; Applic 233</td>
<td>Dr D.J. Butler</td>
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<td>400.233</td>
<td>Microecon: Singapore Program I</td>
<td>Dr D.J. Butler</td>
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<td>Dr M. Tcha</td>
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<td>400.233</td>
<td>Microecon: Singapore Program II</td>
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<td>Macroecon: Policy &amp; Applic 234</td>
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<td>400.234</td>
<td>Macroecon: Singapore Program</td>
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<td>400.235</td>
<td>International Trade 235</td>
<td>Dr M. Tcha</td>
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<td>Int’l Finance: Singapore Program</td>
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<td>Dr P.C. Statham</td>
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<td>400.245</td>
<td>Business Economics 245</td>
<td>Prof. K.W. Clements</td>
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<td>SE Asian Economic History 260</td>
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<td>400.264</td>
<td>Contemp Japanese Economy 264</td>
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<td>400.270</td>
<td>Middle East Economies 270</td>
<td>Dr R. Gabbay</td>
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<td>Business Econometrics 271</td>
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<td>Bus Econ: Singapore Program</td>
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<td>400.272</td>
<td>Mathematics for Economists 272</td>
<td>A/Prof. D. Turkington</td>
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<td>400.310</td>
<td>History of Economic Analysis 310</td>
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<td>400.350</td>
<td>Money, Banking &amp; Fin Mkts 350</td>
<td>Dr E.J. Weber</td>
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<td>400.364</td>
<td>Microeconomic Theory 364</td>
<td>Prof. P.W. Miller</td>
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<td>400.365</td>
<td>Macroeconomic Theory 365</td>
<td>A/Prof. N. Groenewold</td>
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<td>400.371</td>
<td>Econometrics 371</td>
<td>Prof. M. McAleer</td>
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<td>400.372</td>
<td>Mathematics for Economists 372</td>
<td>A/Prof. D. Turkington</td>
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<td>400.401</td>
<td>Aust Econ Probs &amp; Policies 401</td>
<td>Dr E.J. Weber</td>
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<td>400.402</td>
<td>Microeconomic Theory 402</td>
<td>Prof. P.W. Miller</td>
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<td>Research Essay 406</td>
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<td>400.408</td>
<td>Topics in Econ Development 408</td>
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<td>400.413</td>
<td>Topics in Applied Econometrics 413</td>
<td>Prof. M. McAleer</td>
<td>8</td>
</tr>
<tr>
<td>400.415</td>
<td>International Finance 415</td>
<td>Prof. K.W. Clements</td>
<td>19</td>
</tr>
<tr>
<td>400.418</td>
<td>Macroeconomic Theory 418</td>
<td>Dr E.J. Weber</td>
<td>18</td>
</tr>
<tr>
<td>400.423</td>
<td>Financial Economics 423</td>
<td>A/Prof. N. Groenewold</td>
<td>10</td>
</tr>
<tr>
<td>400.450</td>
<td>Topics in Intl Economics 450</td>
<td>Dr M. Tcha</td>
<td>9</td>
</tr>
<tr>
<td>400.470</td>
<td>Middle East Economies 470</td>
<td>Dr R. Gabbay</td>
<td>8</td>
</tr>
<tr>
<td>400.491</td>
<td>Microecon: Theory &amp; Applic 491</td>
<td>Prof. P.W. Miller</td>
<td>13</td>
</tr>
<tr>
<td>400.492</td>
<td>Macroecon: Theory &amp; Applic 492</td>
<td>A/Prof. N. Groenewold</td>
<td>12</td>
</tr>
<tr>
<td>400.499</td>
<td>Econometrics 499</td>
<td>Prof. M. McAleer</td>
<td>6</td>
</tr>
<tr>
<td>400.501</td>
<td>Resource Economics 501</td>
<td>Dr P. McLeod</td>
<td>3</td>
</tr>
<tr>
<td>400.507</td>
<td>Topics in Hist of Econ Analysis 507</td>
<td>Dr R.N. Ghosh</td>
<td>8</td>
</tr>
<tr>
<td>400.513</td>
<td>Topics in Applied Econometrics 513</td>
<td>Prof. M. McAleer</td>
<td>1</td>
</tr>
</tbody>
</table>
15. PhD STUDENTS’ TOPICS

During 2002 the Economics Program had 20 students enrolled in the PhD program. Details on the students, their topics and arrangements for supervision are as follows:


**F. Chan**, *An Econometric Analysis of Asymmetric Volatility in Intellectual Property*, supervised by Professor M. McAleer.

**M. Chandra**, *Modelling Volatility Transmission and Correlation Structure Across International Equity Markets*, supervised by A/Professor N. Groenewold and Professor H.Y. Izan (Graduate School of Management).

**J. Fogarty**, *The Economics of Wine: Pricing, Quality and Rate of Return*, supervised by Professor K.W. Clements.


**M.J. Giles**, *Economic Analysis of Road Crash Statistics*, supervised by Professor K.W. Clements and Professor P.W. Miller.

**D. Hendrie**, *An Economic Evaluation of Healthway’s Sponsorship Program*, supervised by Dr P. McLeod and A/Professor M. Knuiman (Department of Public Health).

**S. Hoti**, *Econometric Modelling of the Riskiness in Country Risk Ratings*, supervised by Professor K.W. Clements and Professor L. Oxley (Adjunct Professor of Economics, UWA and Professor of Economics, Canterbury University).

**B. Hu**, *Modelling Economic Growth in China*, supervised by Professor M. McAleer.

**P.L. Johnson**, *Aspects of Regional Economic Modelling*, supervised by Professor K.W. Clements.

**E.K. Lai**, *A Time Series Analysis of the Fishing Industry in Western Australia*, supervised by Professor M. McAleer.


**E. Loh**, *An Assessment of Trading Rules based on Macroeconomic Aggregates*, supervised by A/Professor N. Groenewold.

**V.Y. Pershin**, *Essays in Economics of Foreign Direct Investment*, supervised by Professor K.W. Clements and Dr M. Tcha.


P. Verhoeven, *The Effects of Outliers and Extreme Observations in Modelling Volatility*, supervised by Professor M. McAleer.

C. Watkins, *Modelling Futures Prices, Returns and Volatility in Markets for Industrial Metals*, supervised by Professor M. McAleer.


**COMPLETING PHD STUDENT**

16. ACTIVITIES OF RECENT PhD GRADUATES

One of the factors contributing to the reputation for excellence of the Economics Program is the record of its recent PhD graduates. The following provides some information on the activities and achievements of recent graduates.

**David Butler** completed his PhD entitled *On the Rationality of Economic Man in Choice under Uncertainty: An Experimental Exploration* in 1999. To date five chapters of the thesis have been published in journals that include *Manchester School, Journal of Economic Behavior and Organization* and *Economics Letters*. A sixth chapter is under submission. He has worked as a Lecturer in the Economics Program UWA, and is currently a Visiting Assistant Professor in the Department of Economics, University of Arizona.


**Dongling Chen** completed his degree in 1993 and wrote a thesis entitled *World Consumption Economics*, which was subsequently published as a book by World Scientific (Singapore, 1999). He also published articles in *Resources Policy, Applied Economics* and *The Developing Economies*. Dongling was a Post-Doctoral Fellow, Department of Economics, The University of Chicago, 1993/94, Assistant Professor, Department of Food and Resource Economics, The University of Florida, Gainesville, 1994/95, Chief Economist at the State Information Centre and Yang Guang Data Corp, Beijing, Senior Economist, Economic Commission, Shanghai Municipal Government, and is now General Manager, Beijing Baiyulan, SGEG Network Co.

**Paul Crompton** completed a thesis entitled *Economic Aspects of the East Asian Steel Industry* in 2002. Paul has published articles in *Applied Economic Letters* and *Resources Policy*. He is now a Lecturer in Economics at UWA and has acted as a consultant to the mining industry.

**Anh T. Le** has been employed in the Economics Program at UWA since the completion of her PhD. During the first year of her tenure, Dr Le held an Australian Bureau of Statistics’ *Survey of Employment and Unemployment Patterns* Fellowship. Since then she has been employed as a Research Fellow, working on several Australian Research Council funded projects. She has papers published in *International Migration Review, International Migration, Economic Record, Journal of Economic Surveys, Australian Economic Papers*, and *Education Economics*, among other journals. She is also the recipient (with P.W. Miller) of an Australian Research Council Discovery Grant.
Yew Liang Lee completed his thesis, entitled *The Economic Return to Schooling and the Wage Effects of Drinking and Smoking in Australia*, in 1999. In 2000, he received the Heneman PhD Prize, a prize awarded to the student in industrial relations, labour relations or employment relations who submits the best PhD thesis on any aspect or aspects of employment relationships. He is now a Research Fellow in Economics at UWA and has papers published and forthcoming in the *Economic Record, Australasian Journal of Regional Studies* and *Australian Journal of Labour Economics*. His research interests include analysis of labour markets, migration, addictive behaviours and international trade.

Kenneth Leong worked at the Reserve Bank of Australia and the Bank of Finland after completing his PhD. At the Reserve Bank’s Economic Research Department, Kenneth’s main responsibility was maintaining a small model of the Australian economy. At the Bank of Finland’s Research Department, Kenneth worked on a project on inflation persistence. Currently on leave from the Reserve Bank of Australia, Kenneth is a Visiting Fellow in the Department of Economics at the National University of Singapore. He has published research in *Australian Economic Papers* and *Applied Economics*.

Christine Lim completed her PhD with Distinction in 1999. Dr Lim is currently a Senior Lecturer in the School of Tourism and Hotel Management at Griffith University, where she has been Director of Postgraduate Studies. In 2001, Dr Lim received the Early Career Research Excellence Award of the Modelling and Simulation Society of Australia and New Zealand. Her current research interests are in tourism modelling and forecasting, tourism management, and applied time-series econometrics. She has published papers in *Annals of Tourism Research, Journal of Travel Research, Tourism Management, Tourism Economics, Applied Economics*, and *Mathematics and Computers in Simulation*.

Lee Kian Lim completed her PhD entitled *Modelling Economic Growth in South-East Asia*, in 1999. Dr Lim has previously worked with the Economics Program at UWA as a Graduate Research Assistant, and the Institute for Research into International Competitiveness at Curtin University of Technology as a Research Associate. Her publications have appeared in journals such as *Mathematics and Computers in Simulation*. Dr Lim is presently a Lecturer in Finance in the School of Accounting, Finance and Economics at Edith Cowan University.

Li Lian Ong’s thesis was *Asset Prices, Exchange Rates and Big Mac Hamburgers*, which she completed in 1997, when she was a student and staff member of the Department of Accounting and Finance. Her paper “Burgernomics: The Economics of the Big Mac Standard” was published in the *Journal of International Money and Finance* and a revision of her thesis is to be published as a book by Macmillan Palgrave. Formerly an Associate Director and Senior Economist, Asia, Macquarie Bank, Hong Kong, Li Lian is currently an Economist at the International Capital Markets Department, IMF, Washington.

Alison C. Preston completed her PhD in 1997 and commenced employment at Curtin University in 1998. In 1999 she was awarded the title “Curtin Business School
New Researcher of the Year”. Alison currently holds a Post-Doctoral Research Fellowship in the Graduate School of Business at Curtin University, and is a co-director of the Women’s Economic Policy Analysis Unit at that University. She is co-editor (surveys) for the Australian Journal of Labour Economics. Her research interests include labour market and wage policy, systems of wage bargaining, wage inequality—with a special emphasis on gender, a-typical forms of employment, and organisational change. Alison’s research has been published in the Journal of Industrial Relations, Economic Record, Australian Economic Papers, Applied Economics, Australian Bulletin of Labour, and Australian Journal of Labour Economics, among other journals. Her PhD thesis has been published by Ashgate Publishing under the title The Structure and Determinants of Wage Relativities: Evidence from Australia. Alison has been awarded several grants from the Australian Research Council.

Ye Qiang completed in 1998 a PhD thesis entitled The Economic Significance of New Minerals Projects in Western Australia, which was awarded the Australian Agricultural and Resource Economics Prize for PhD Research. Ye Qiang has published research in the Australian Journal of Agricultural and Resource Economics and Resources Policy. He previously worked with the Economic Research Centre, UWA, and ABARE as an Economic Researcher, and is now Senior Economist, Investment Attraction Division, WA Department of Mineral and Petroleum Resources.

Vivian Salim, who was a PhD student in the Economics Program and Departments of Information Management and Marketing, completed her PhD in 2000 and joined CSIRO in 2001 as a Research Scientist (Transport Analysis) in Dr Nariida Smith’s transport research group in the Building, Construction and Engineering Division. She presented a joint paper “An Intelligent Assistant for Fleet Management Using Microsoft Excel” to the 23rd Conference of Australian Institutes of Transport Research in December 2001. She was also joint author of the paper “Optimising Urban Road Network Development Policy: Comparison of Investment Timetables Determined by Genetic Algorithm and by Separate Cost-Benefit Ratios”, published in the December 2001 issue of the International Journal of Transportation, Privatization and Public Policy. In mid-2002, Vivian took a year’s leave from CSIRO, attended the IEMS Conference in Lugano, Switzerland and then travelled extensively in Scandinavia.

John Sequeira completed his PhD thesis, entitled An Econometric Analysis of Currency and Oil Futures, in 1999. He has published in Economic Record, Journal of Economic Surveys, Applied Financial Economics, Mathematics and Computers in Simulation, and Journal of Multinational Financial Management. Since 1999, Dr Sequeira has been a session organizer for financial modelling for the International Congress on Modelling and Simulation, has been on the Editorial Board of Accounting and Finance. Dr Sequeira previously lectured in the Department of Accounting and Finance at the University of Melbourne before assuming his current position as an Assistant Professor in the NUS Business School at the National University of Singapore. In 2002, Dr Sequeira was awarded the Department Outstanding Educator Award by the National University of Singapore.
Ross Theedom completed his PhD entitled *The Socio-Economic Aspects of the Resettlement in Western Australia of Immigrants from the Middle East Region* in 1996. Dr Theedom worked with ATSIC (the Aboriginal and Torres Strait Islander Commission) since its inception in March 1990, where he held management positions at the Regional, State and Central Office levels. In May 2000, he joined the Chamber of Minerals and Energy of WA and is currently the Executive Officer, Aboriginal Affairs.
Students of the Economics Program made numerous presentations of their research during 2002. Below are details of these presentations.

**Elisa Birch** presented “The Labour Supply of Australian Women: The Impact of Children”, at the 31st Annual Conference of Economists, in September. She also presented three seminar papers at the Institute for Research into International Competitiveness Seminar Series at Curtin University. The papers were titled “The Determinants of Fertility for Australian Women”, “The Economic Costs of Children” and “What Determines Australian Women’s Labour Force Participation”.


Eva Lai presented a paper entitled “Time Series Modeling for South and West Coastal Finfish Fisheries of Western Australia and Implications for Management” (written with Y.W. Cheng and M. Craine), at the Industrial Optimisation Symposium held at Curtin University in September, 2002.

Yihui Lan made two presentations in 2002. They were “The Long-Run Value of Currencies: A Big Mac Perspective” at the 7th Australasian Macroeconomic Workshop at Wellington, New Zealand, April, 2002; and “Where is the Australian Dollar Going?” at the Economics Teacher’s Seminar held at UWA, May, 2002.

Vitaly Pershin presented a paper entitled “Government Incentive Policies and Foreign Direct Investment Flows”, at the PhD Conference in Economics and Business, in Canberra; and at a UWA Economics Program Seminar.

Kim Radalj presented three sole-authored papers at two international conferences, namely “Systematic Risks, Speculators and the Forward Rate Puzzle” and “Risk Premiums and the Forward Rate Anomaly: A Survey” at the International Environmental Modelling and Software Society Biennial Conference, Lugano, Switzerland, June 2002; and “Are Speculators the Answer to the Forward Rate Anomaly?”, at the Australasian Meeting of the Econometric Society, Queensland University of Technology, Brisbane, July 2002.

18. RECENT PUBLICATIONS BY GRADUATE STUDENTS

In recent years our honours and post-graduate students have had their research published in an impressive range of books refereed journals, chapters of books, and conference proceedings. The following are examples of this work published since 1999.


Johnson, P.L., An Input-Output Table for the Kimberley Region of Western Australia, Kimberley Development Commission, 2001.


19. HONOURS AND MASTERS STUDENTS’ TOPICS

The Economics Program has 28 students enrolled in the Honours/Masters programs. Details on the students, their dissertation topics and arrangements for supervision are as follows:

HONOURS DISSERTATION TITLES

T.Y. Chan, The Euro as an International Currency, supervised by A/Professor N. Groenewold.


V. Chung, The Marshall-Lerner Condition and Economy of Hong Kong, supervised by A/Professor N. Groenewold.

B. Donovan, Corruption: Economic Growth, Human Capital and Multiple Equilibria, supervised by Dr M. Tcha.


L. Eterovich, An Analysis of the Australian Competition & Consumer Commission’s Enforcement of Merger Law, supervised by Dr P. Mcleod.

G. Maguire, The Economics of Daylight Saving, supervised by Professor K.W. Clements.

S. McCormick, A Post World War Two Economic and Trade Related Comparison of Western Australia and New South Wales, supervised by Mr M. Davies.

P. Nagy, The Economic Effects of Transnational Money Laundering, supervised by Professor K.W. Clements.

C.W. Nam, Contagion, and Economic and Monetary Integration of ASEAN-5, supervised by Professor M. McAleer.

C. O’Keeffe, The Growth and Development of British American Tobacco in Cambodia and its Resultant Effects upon the Economy, supervised by Dr A. Siddique.

C. Ossolinski, Private Saving and the Effect of Compulsory Superannuation, supervised by A/Professor N. Groenewold.

S. Smith, *The Determination of Specific Purpose Payments in Australia: Empirical Evidence*, supervised by Dr D. Denemark (Political Science) and Dr P. McLeod.


**MASTERS DISSERTATION TITLES**


J. Partridge, *Foreign Direct Investment and Economic Growth: A Study of Singapore and Taiwan*, supervised by Dr Y. Wu.


Syaifullah, *Economic Growth and Export Causality: Some Evidence from ASEAN-5*, supervised by Dr Y. Wu.

M. Thuriasamy, *The Role of the Monetary Authority of Singapore in the Development of Singapore’s Financial Sector*, supervised by Dr Y. Wu.

## 20. PRIZES

There are a number of prizes awarded to students in Economics and the Program is very grateful to the donors. The following is a list of prizes awarded in 2002.

<table>
<thead>
<tr>
<th>Prizes</th>
<th>Winners</th>
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</thead>
<tbody>
<tr>
<td><strong>Australian Finance Conference Prize</strong></td>
<td>Mr Stephen Tassone</td>
</tr>
<tr>
<td>Monetary Economics 210</td>
<td>Ms Mian E. Voon</td>
</tr>
<tr>
<td><strong>Chamber of Commerce and Industry of WA Prize</strong></td>
<td>Ms Joan Coffeey</td>
</tr>
<tr>
<td>Business Economics 245</td>
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<tr>
<td><strong>Economic Society of Australia Honours Prize</strong></td>
<td>Ms Sharon Smith</td>
</tr>
<tr>
<td>BEc with Honours</td>
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<tr>
<td><strong>Economic Society of Australia Prize</strong></td>
<td>Mr Kim Radalj</td>
</tr>
<tr>
<td>Best Honours Thesis in Economics at WA Universities</td>
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<tr>
<td><strong>Economic Society of Australia (WA Branch) Benjamin Rosenstamm Prize</strong></td>
<td>Mr A. Hallam</td>
</tr>
<tr>
<td>Microeconomics, Prices and Markets 101 and Macroeconomics, Money and Finance 102</td>
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<tr>
<td><strong>Thomson Learning Prize</strong></td>
<td>Ms Mian E. Voon</td>
</tr>
<tr>
<td>Microeconomic Theory 364 and Macroeconomic Theory 365</td>
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<tr>
<td><strong>Dr Andrew M. Houston Memorial Prize</strong></td>
<td>Mr Dean M. Hudson</td>
</tr>
<tr>
<td>First year of BEc course</td>
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</tr>
<tr>
<td><strong>Jacaranda Wiley Prize</strong></td>
<td>Ms Emily Poole</td>
</tr>
<tr>
<td>Microeconomics: Policy and Application 233 and Macroeconomics: Policy and Applications 234</td>
<td></td>
</tr>
<tr>
<td><strong>J.A. Wood Memorial Prize</strong></td>
<td>Mr Kim Radalj</td>
</tr>
<tr>
<td>Outstanding Graduate for four-year honours course in Faculties of Arts; Economics and Commerce; Education; and Law</td>
<td></td>
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<tr>
<td><strong>McGraw-Hill Prize</strong></td>
<td>Mr A. Hallam</td>
</tr>
<tr>
<td>Microeconomics, Prices and Markets 101 and Macroeconomics, Money and Finance 102</td>
<td></td>
</tr>
<tr>
<td><strong>Milnes-Feed Prize</strong></td>
<td>Ms Vanessa Divkovic</td>
</tr>
<tr>
<td>Business History 252</td>
<td></td>
</tr>
<tr>
<td>Prizes</td>
<td>Winners</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td><strong>Pearson Education Australia in International</strong></td>
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<tr>
<td>Finance</td>
<td>Mr Richard O’Sullivan</td>
</tr>
<tr>
<td>International Finance 236</td>
<td>Mr James Wisan</td>
</tr>
<tr>
<td>Mr Chin Yong</td>
<td></td>
</tr>
<tr>
<td><strong>Pearson Education Australia in International Trade</strong></td>
<td>Ms Chelsea Gray</td>
</tr>
<tr>
<td>International Trade 235</td>
<td></td>
</tr>
<tr>
<td><strong>UWA Graduates Association Prize</strong></td>
<td>Ms Louise C. Carter</td>
</tr>
<tr>
<td>Second and third years of the BEc</td>
<td>Ms Katrina E. Lapham</td>
</tr>
<tr>
<td><strong>W.E.G. Salter Memorial Prize</strong></td>
<td>Ms Katrina E. Lapham</td>
</tr>
<tr>
<td>Third year of BEc</td>
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<tr>
<td><strong>WA Treasury Prize</strong></td>
<td>Mr Gareth Maguire</td>
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<tr>
<td>Public Economics 405 or</td>
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<tr>
<td>Australian Economic Problems and Policies 401</td>
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</tbody>
</table>

The Economics Program also offers Bachelor of Economics Bursaries to promising first year students enrolled in the Bachelor of Economics. This year’s winners were:

- Mr Jeremy Lunt
- Mr Thomas Milton
- Mr Russell Murray

In addition, major bursaries are available from the Vargovic Memorial Fund, details of which follows.
21. THE VARGOVIC MEMORIAL FUND

In 1956, the UWA Press published a book by Christopher A. Vargovic entitled *A Survey of Structural Changes in the Western Australian Economy: A Statistical Interpretation*. In this book, Mr Vargovic wrote the following words as his first acknowledgement: “Without the financial assistance of the Research Fund of the University this study would have been impossible. I desire, therefore, to acknowledge the opportunity created in this way”. Against this background, it is not difficult to imagine what Mr Vargovic probably had in mind when he left a generous bequest to the University to support research students in economics when he died in 1987. The interest earnings from the estate have been used over much of the past decade to financially assist honours, masters and PhD students to complete their research by providing them with bursaries ranging from $2,000 to $6,000 p.a. The Economics Program, as well as the students involved, greatly values the foresight shown by Mr Vargovic in establishing this fund, which has had the effect of substantially boosting the Program’s ability to attract and nurture promising young researchers in economics.

Mr Vargovic was born in Yugoslavia in 1920. Professor Alec Kerr, Vargovic’s mentor at UWA who is thanked very warmly in the Acknowledgements of his book, describes how he escaped from Yugoslavia after World War II by swimming across the sea to Trieste. He arrived penniless in Australia and went on to complete a BA with honours at UWA in the early 1950s (prior to the introduction of the BEc). After finishing at UWA, Mr Vargovic worked as Economic Research Officer for a number of years at the WA Employers’ Federation, which later became the Chamber of Commerce and Industry of WA. Professor Kerr says that Mr Vargovic had a successful career built on perseverance and hard work, and was very fond of the University that helped establish him in Australia.

The Vargovic Fund has given bursaries to the following students in the last two years:

- Ainsworth, Andrew
- Bothe, Renae
- Branston, Christopher
- Donovan, Bernadette
- Eterovich, Laure
- Hoti, Suhejla
- Hu, Baiding
- Kampf, Jodie
- Lan, Yihui
- Maguire, Gareth
- Nagy, Peter
- Ossolinski, Crystal
- Pershin, Vitaly
- Radalj, Kim
- Shareef, I. Riaz
- Sharpe, Adam
- Smith, Sharon
- Watkins, Clinton
- Yeo, Jasslyn
22. AMP ECONOMICS AND BUSINESS STUDIES COMPETITION

The objectives of the AMP Economics and Business Studies Competitions are to stimulate the teaching and learning of economics and business studies, to foster interest and to recognise excellence in these fields. The major sponsors of the competitions were AMP, Economic and Business Studies Educators (NSW), and the University of New South Wales.

The competitions attracted over 21,000 participants from over 700 schools across Australia and New Zealand. In Western Australia, 1,342 students (from 39 schools) entered the Economics competition, and 46 entered the Business Studies competition (from three schools). Both competitions involved answering forty multiple-choice questions.

The Western Australian Presentation Evening for the competitions was held at UWA on the 9th of August, 2002. Approximately 150 prize winners, parents, teachers and friends, together with UWA staff, attended. Guests were welcomed to the University by Toby Chan, Nicole Wong and Janette Liu on behalf of the organising committee. Two short speeches followed. Professor Ken Clements, Head of the Economics Program at UWA, presented the first address on “Why Economics is Exciting”. The second address was by Neil Costley, WA Corporate Superannuation Manager, AMP Hendersons, who spoke on his unorthodox path to becoming the Corporate Superannuation Manager at AMP.