

ECONOMETRIC SOCIETY AUSTRALASIAN MEETING 1987

Les Oxley

University of Edinburgh and University of Waikato, New Zealand

Breaking with tradition, the 1987 Australasian branch of the Econometric Society met in New Zealand. Apparently the normal venue has tended to rotate around the Australian states of Victoria, New South Wales and the Australian Capital Territory; however, the lure of the snow for the skiing econometricians appears to have been too much this time around and Christchurch was able to attract the branch meeting. The hosts for the conference, held over the period August 26–28, were the Department of Economics and Operations Research at the University of Canterbury, Christchurch.

The main organization was carried out by the Department which was probably quite sensible given the size of the meeting – approximately 120 delegates registered. From the outset the organization was excellent, pre-conference material included maps and general information on, for example, transport and accommodation. This material gave some indication of how much to pay for cabs from the airport etc.; however, it didn't say how to deal with cab-drivers who get lost – a reasonably common problem in the flat, landmark-deficient landscape of Christchurch city!

Two features of the conference which were in stark contrast to the 1986 European Economic Association Congress, reported in *Journal of Economic Surveys*, Vol. 1, No. 1, were the availability of papers prior to the sessions, and the use of communal University accommodation. Although the organizers provided information on various forms of accommodation, i.e. hotels, motels, etc. the majority of delegates appeared to choose University halls of residence. These were not first-class – what should you expect for NZ\$33 a day (bed–breakfast–dinner) – but they did produce a community spirit and apparently endless breakfast table discussions along the lines, 'what were you doing when the water went off (again) this morning?' The organizers also provided, at the modest cost of NZ\$10 per day, a buffet lunch. This was served in what one could only describe as a 'pent-house setting' (really it was the roof of the library building) which once you had realized how to get there provided a good vantage point to view the city!

Another feature of the social programme which received a universal 'thumbs-up' was the substitution of the formal conference dinner with an informal 'bring-your-own-bottle' restaurant meal. The evening was a great success, the only problem being the seating arrangements which involved a large number of small tables which did tend to reduce conversation somewhat. However, based on the simple decibel index the majority of people seemed to enjoy the evening! Other

social events were limited to two gatherings in the economics department, one pre- the other post-conference, but again given the low registration fee most participants should not have been disappointed. On the organizational front the Department, led by the clip-board toting David Giles, should be congratulated!

What about the academic content of the conference? The format involved up to three concurrent streams of contributed papers in econometric theory, applied econometrics, and economic theory/mathematical economics. In addition there were four invited papers presented by Peter C. B. Phillips, Franklin M. Fisher, Kenneth F. Wallis, and John G. Riley. This mixture of two ex-pat Kiwis, an Englishman and an American made an interesting combination.

Following the Vice-Chancellor's opening address, Peter Phillips gave a 'state of the (asymptotic theory) art' paper entitled 'Partially Identified Econometric Models'. His command of the area is awe-inspiring and the paper was presented with clinical precision. I particularly liked his association of spurious regression models with unidentified structural equations models, a link I've never considered before. It was also nice to learn that the finite and asymptotic properties of unidentified structural equations are the same (if I understood him correctly!). This latter parenthetic point is quite important as I got the feeling that a (large?) proportion of the audience were soon lost by the sheer volume of theoretical material presented to them.

In complete contrast, Franklin Fisher presented an 'elder-statesman' type critique of elements of modern game theory. His paper entitled 'Games Economists Play: A Non-Cooperative View' was particularly critical of the plethora of anecdotal, 'one-shot' game examples found in modern micro theory. It was quite refreshing to hear such a view particularly given my comments on the John Sutton paper presented at the 1986 European Economic Association meeting (see Vol. 1, No. 1). However, even in criticism, Fisher was light-hearted and the first to admit that he too did not have the answers to the interesting questions in game theory, i.e. what makes some equilibria stand out from others in repeated games? His paper clearly stirred the game theorists in the audience, not least John Riley who took some exception to the view that the only general theorem in repeated games is the 'Folk Theorem'. Some ground was given, but Franklin Fisher's paper had an impact on the conference, so much so that one very competent mathematical economist admitted to me that he was glad that his paper had 'repeated games' in the title!

Ken Wallis' paper 'Macroeconometric Models: Performance and Prospect' was a paper eagerly awaited by many of the antipodean delegates. His paper presented some aspects of the work currently undertaken by the Macro-Economic Modelling Bureau located at the University of Warwick. Much of the early part of the paper which outlined the aims, history etc. of the bureau was familiar (being a reasonably frequent visitor to the Association of University Teachers of Economics meetings in the UK) but for the vast majority of the audience the content, level and presentation of the address seemed ideal. Clearly, detailed comparisons of such diverse UK models as, for example, the London Business School and National Institute for Economic and Social Research models was not

possible. However, Ken Wallis seemed particularly pleased with a model comparison diagram produced by the Bureau, based on intersecting tetragons! Wallis concluded his address with a suggestion that other bureaus loosely modelled on Warwick could usefully be developed elsewhere (e.g., Australia?) a recommendation many of the delegates would probably accept.

The John Riley address considered the 'New Microeconomics' – the full title being 'The New Microeconomics: A Bountiful but Bittersweet Harvest'. As to detailed content, the paper presented current developments in the theory of contract design, in particular what rules do sellers set? Overall the emphasis of the address was on 'Strategic Interaction', this being the basis of the 'New Microeconomics'. Its following Franklin Fisher's address may have influenced the views of some of the audience, but it does seem that the theory of contract setting has some way to go. In presenting Rubinstein's solution to the single buyer/single seller price formation problem, John Riley showed how theory can reproduce a commonly observed event, i.e. the solution is to set the price at half the difference of the buyer's and seller's valuation of the good. Such an example is relatively simple; however, without the recent theoretical breakthroughs, many of them due to John Riley, even such simple events seemed impossible to model in a sensible and rigorous way.

What of the contributed sessions? As mentioned above there were typically three concurrent streams where most delegates could generally find interesting papers. There were two comments that came through, however – one being the general lack of applied papers – the other being an over-representation of trade theory sessions. In reply the organizers would probably say that they rely on authors to submit papers and on this occasion applied papers and non-trade theory papers were just not submitted. That said, the standard of papers presented was very high; I was particularly impressed by the Monash contingent. Another 'all-round' performer was Gene Savin who usually had some question to pose for authors and he was also co-author of an interesting paper which considered the invariance properties of the Wald, Likelihood Ratio and Lagrange Multiplier tests.

In conclusion, the conference was an enjoyable event, the organization was first-rate and the content of the sessions generally 'state-of-the-art'. The next meeting of the Branch will have high standards to achieve. However, the 1988 meeting will be integrated into the Australian Bicentenary celebrations and will be part of a special Economics Congress to be held in Canberra. This Congress on the face of it should be an impressive event bringing together not only the Australasian Branch of the Econometric Society, but also the Economic Society of Australia, the Australian Agricultural Economics Society and the Economic History Association of Australia and New Zealand. Guest speakers billed to appear include Professors Bergsten, Blinder, Buchanan, Donges, Hausman, Laffont, Leamer, Parker, Pesaran, Stiglitz, Williamson and Wilson. I hope I can arrange to be in Canberra 28th August–2nd September 1988!