

AUSTRALIAN ECONOMIC CONGRESS 1988

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Few people would disagree that 1988 was Australia's year — the Bicentennial, EXPO, the Tall Ships, ... Crocodile Dundee II, ... and the Australian Economic Congress held in Canberra — 28th August to 2nd September.

The Congress was a bold attempt to draw together econometricians, (Australasian Econometric Society), economists, (Economic Society of Australia and the Australian Agricultural Economics Society), economic historians, (Economic History Society of Australia and New Zealand), and business people, into a single, intense meeting. It worked and should provide a pattern of things to follow. Unlike the loose (timing) association of ESEM (Econometric Society, European Meeting) and EEA (European Economics Association), born out of the necessity not to stretch delegates meager conference funds too far, the Congress organisers appeared to have a particular goal in mind — interdisciplinary interaction.

The pre conference promotion promised much with invited papers from Atkinson, Blinder, Deaton, Gordon, Hausman, Leamer, Pesaran, Stiglitz and Taylor, to mention a few — the amazing thing was that they all turned up! This is a credit, in part, to the various Committee chairpersons who appeared to go out of their way to work around tight schedules. However, to me a measure of the success of the Congress was not just the high calibre of invited speakers, or the 700 (or so) delegates attending, but the fact that such outstanding contributors to the discipline as Adrian Pagan and Peter Phillips were to be found presenting papers at contributed sessions! Further, all the editors of the major econometrics journals attended — a rare event in itself!

Before reviewing the 'serious business' of the academic sessions, it is worth saying something about Congress organisation, registration etc. This was undertaken by professionals located in Melbourne — an arrangement which, at the end of the day, seemed to work. However, for whatever reason, advance information on the Congress, including registration forms etc. was slow to be dispatched resulting in deadline penalties being waived. Registration fees were associated with one of five Congress Packages each giving a different level of entitlement from Congress and Full Business Symposium (red badge) to Congress (green badge). Standard fees ranged from A\$350 to A\$250, however various Society deals lowered some costs, for example Econometric Society members could take the green badge package for A\$130. All packages included free attendance at the Reception and Cocktail Party — plus transport — a book of

abstracts, attendance at any session and some session papers, tea/coffee etc. The Congress and Agricultural Economics dinners were optional extras — the Business Symposium dinner an integral part of the more expensive packages offered.

An interesting feature of registration, which received mixed reviews from delegates, was the idea that paid-up conferees were forwarded relevant maps, badges, tickets etc. prior to arrival. This had the advantage that delegates could 'roll up' to the Sunday evening reception without the hassle of afternoon registration, however the disadvantage was that many people had left before the material arrived! This resulted in a number of EMAIL messages (to me at least) from New Zealand along the lines 'X's tickets have arrived in the office, but they left for Sydney/Canberra/Queensland last week — could you please pass on the message.' I said maps were provided and they were of the ANU campus and Canberra city, however registration was in the Llewellyn Hall — part of the School of Music — a building missing from any of the maps! Some of the invited papers (but few others) were provided in the Congress pack at registration, however the grey Congress bag seemed to be a poor cousin to the yellow handled cases provided by the Road Transport Conference, also visiting ANU at the same time. Even these, however, seemed to be rather downmarket compared to the designer cases provided by the Europeans at the ESEM conference in Bologna this year. Further, it would have been nice to have names on the bags — this oversight proved to be rather more than an annoyance when it came to airport style security checks at New Parliament House. Finally, no list of delegates was provided which was a major oversight — one of the major aspects of a conference is to meet people, but you need to know who is registered.

Accommodation was offered at ANU student residences, motels or hotels. For once I decided to try a motel, not one recommended by the organisers, but one which proved to be close to all the session venues. Informed sources reported that the student accomodation was basically OK — except for the beds! Based on a small scale survey I formulated a simple model of bed appreciation along the lines,

$$T = f(\text{Age}, D)$$

where T = tolerance to (virtually) non-existent mattresses, Age = age of delegate and D is a dummy variable taking the value of 1 if married/partnered, 0 otherwise. Making the not unrealistic assumption that partners etc. did not accompany delegates, (or if they did, they certainly wouldn't use student accomodation!) the functional relationship seemed to be highly (negatively) non-linear in age, with a significantly negative dummy variable effect! The other, rather ironic comment I received from several bleary eyed delegates related to the notice that 'visitors (to student residences) should be quiet' presumably so as not to disturb the late night student parties!

The serious business of sessions started very early in the proceedings, Sunday at 2 pm, with the Econometric Society Presidential Address, presented by Tony Atkinson. It is apparently rather unusual for the President to attend the Australasian meetings and the local organisers were clearly pleased by his

attendance, albeit so early and so fleeting. His Address entitled 'The Economics of Unemployment Insurance' provided something of a critical overview of 'over 150 articles published since 1970'. Although much of the tone of the paper was a little negative, 'too little systematic comparison of the findings of different studies,' the topic had apparently made considerable headway over the years with the development of new econometric techniques and the use of structural, rather than single equation, models. The session highlighted the 'alternative, more Keynesian' models of the labour market with a concentration on efficiency wage, insider/outsider models, but the Akerlof 'gift-exchange' model seemed to be Atkinson's favourite. In a candid, informed and highly professional style, Atkinson reminded us that 'we should not be ashamed to have special cases rather than general models (of the labour market)', and that, 'models may not be able to be transhipped across countries.' As a concluding remark he included a checklist of necessary attributes for potential contributors to the area. Firstly, a good knowledge of the data, ii) an understanding of econometric technique, iii) a structure within which to analyse the results, and iv) a knowledge of the complexities of institutions. This list could usefully be required of any budding applied economist!

Half an hour later and delegates could attend the first symposium of the Congress, in particular the Microeconomics Symposium with Angus Deaton and Joe Stiglitz producing a few sparks along the way, however many delegates seemed to skip the session — preparing for the evening reception.

The Congress was officially opened by the Australian Prime Minister, Bob Hawke, at a buffet and reception held at The Australian National Gallery on the Sunday evening. The reception was a grand affair, however the cafeteria style buffet didn't work — queues were too long and as a result most delegates missed the chance to view the exhibits on show. Bob Hawke's speech, however was just about right for the occasion — it clearly is an asset to have a Prime Minister literate in economic concepts. As Alan Blinder apparently put it, 'Ronald Reagan may talk of elasticity ... but he would be referring to the stretch of his Texan braces.' Further his speech had many lighter moments, a proposed tax on divorce, 'could raise A\$600 m.' Bob Hawke, the economist, didn't stop there. After an introduction by Max Corden to 'the most prolific current writer on economics,' Joe Stiglitz, Bob Hawke apparently produced a private lecture on Australian Economic Policy! Overall the evening was a great success — the wine flowed freely and high expectations of the days to come were expressed.

Continuing the frantic pace of the last 15 hours, Monday morning was scheduled to include three symposia and two invited paper sessions. Many people had expressed quiet anticipation of the Econometric Methodology Symposium at the Reception and the session was well attended. The participants included the self-confessed 'Californian Travelling Circus' of Aigner, Granger and Leamer and 'the other half of the Persian mafia', (Maasoumi) — Hashem Pesaran. As one has been led to expect sparks soon began to fly, but I was a little disappointed by the session. With hindsight it would have been better to have had (say) one speaker, perhaps Leamer, as a pre-symposia paper and (say) one day later the

symposia proper. This would have given mere mortals the chance to 'mull over' ideas and then contribute from the floor. Further, many of the entrenched Bayes v. non-Bayes cliches were trotted-out again. However one must applaud Leamer's (over?) dramatic style.

I was asked to talk about things that bother me ... well there are several things, i). there are too few issues, ii). too many 'sharp hypotheses' iii). too much asymptotics, iv). too many diagnostics, v). too few tables/graphs, vi). too little confusion, vii). ... Australian airfares bother me ... viii). Adrian Pagan bothers me. ... ix). Mike McAleer bothers me. (Leamer).

I would add to this list, White (heteroskedastic consistent)-washing, probably bothers him too! Leamer didn't have to wait long to find that he bothered Mike McAleer as well — on the stairs — in the corridor — (elsewhere?) — after the event!

A cup of coffee and half an hour later and we had the Macroeconomics Symposium — Alan Blinder, Robert Gordon and John Taylor reflecting on the current state of macroeconomics. Starting the proceedings rolling, Blinder presented the view that macroeconomics needs to be based on monopolistic competition with a crucial role for hysteresis theories of unemployment. Further, the current dominance of Akerlof/Yellen/Mankiw 'efficiency wage' models, discussed by Atkinson, was supported. The most contentious statements, however, came in respect of the (assumed) lack of empirical support for Barro-type, New Classical macro claims on the ineffectiveness of anticipated monetary growth. True, a careful analysis of the voluminous literature might produce such a conclusion, but the impression given was that all published material refuted the claims. Any reader of the *Journal of Monetary Economics* or the *Journal of Money Credit and Banking* would surely disagree.

In commenting on the Blinder paper, Gordon too produced some unsubstantiated, yet potentially attractive claims, for example, 'the New Classical horse is dead' and 'it has had little effect outside the US'. Finally his statement that 'there are no US Keynesian's under 40', led (I'm sure) to an exodus to the ANU library to check the *AER* list of members. John Taylor added more fuel to the demise of New Classical economics by suggesting that the real business cycle literature would be unlikely to stand-up to the rigours of unit-root econometrics. All this before lunch on the first day!

Many delegates needed a rest, ... many took one on Monday afternoon!

Monday evening offered two events, — the Economic Society invited paper II in the form of Max Corder's reflections on 'Australian Macroeconomic Policy Experience', — and the Congress dinner. Max, off to Johns Hopkins in 1989, presented something of an ANU swan-song, however there was plenty of content — an ideal piece for Australian economic policy courses. As to the dinner, I decided one formal meal would be sufficient and I planned, red badge to the fore, to attend the Thursday affair offered by the Business Symposium.

Before concluding, it would be unrepresentative, given the audiences attracted, not to mention three keynote lectures, John Taylor's 'A W Phillips' lecture, Jerry

Hausman's 'Jacob Marschak' lecture, and the 'Sir John Crawford' lecture presented by Joe Stiglitz.

The inaugural Phillips lecture was chaired and introduced by Adrian Pagan who, in the academic sense, is like the best Australian wines, 'big and full of character'. Adrian presented a fascinating picture of Phillips the man and the academic. We all know the background to The Phillips Curve, but what of Phillips the banana plantation worker, the mining electrician pondering engineering theories later to emerge in his much neglected contributions on control theory and Bill Phillips the crocodile hunter!

John Taylor's paper was in the spirit of 'Phillips with his macro policy evaluation hat on'. His rational expectations model, estimated by generalized method of moments — a technique gaining some support in the profession, allowed estimates of shocks to be derived from the data as a first stage in a model used to evaluate alternative reaction functions. It was reassuring to see in the Taylor world that flexible exchange rates appeared to dominate fixed and that interest rate policies of central banks were a powerful policy instrument. Further, in an empirical setting, the Lucas Critique seemed to have little force — changes in regime producing only small changes in parameters — if the empirical shocks remained unchanged.

Hausman — what can one say of him? The presentation was masterful. To some the area may not have been inspired, 'Nonlinear Error in Variables: Estimations of Some Engel Curves', but for almost one and a half hours he appeared not to draw breath, consult his notes or make any mistakes or omissions. There was little, if anything in the lecture not to be found in the circulated paper, but the delivery was probably worth the attendance in its own right.

Similar comments could be addressed to Joe Stiglitz's paper, except that his views on 'Money, Credit and Business Fluctuations,' did seem to inspire discussion in a large proportion of the audience, including a number of econometric theorists! In typical Stiglitz fashion the title page to his paper had the footnote, 'Preliminary and Incomplete.' Would that all such incomplete papers said so much.

In addition to the symposia and invited papers discussed above, there were symposia on, Deregulation in Education; Taxation and the Rural Economy; Immigration; Resource Economics; Industry Restructuring; Economic History; Labour Market Deregulation; Reducing World Agricultural Protection, and Telecommunications. As one can see from the list, there was plenty of variety, but also a slight emphasis on deregulation which reflects current trends in Australia and New Zealand. Not surprisingly the sessions were generally well attended by academics and non-academics alike. The Immigration Symposia was particularly popular with John Beggs and Bob Gregory presenting papers on the success, earnings and employment of immigrants. Glenn Withers, on the other hand, took a more political stance when discussing recent debates on Asian immigration the 'White Australia' policy.

The Australian Agricultural Economics Society invited paper was presented by

Robert Chambers who discussed 'Developments in Production Economics'. William Parker presented the 'A. C. Davidson' Public Lecture on the topic of 'Understanding Productivity: The Ways of Economics and History,' — the other Economic History invited paper session was given by Jeffrey Williamson.

With so many keynote speakers inevitably some of the contributed session audiences were 'select'. However, the econometric society sessions seemed to be generally well attended — not surprising really if you look at the content and the overall strength of the discipline in Australia. To give an example, Session 15 on 'Cointegration, Error Correction and ARCH,' Wednesday at 9 am, had Hashem Pesaran chairing papers by Clive Granger, Peter Phillips and Anil Bera. Peter Phillips appeared to start something of a trend by abandoning his announced paper, 'Optimal Inference in Cointegrated Systems,' in favour of, 'A Little Magic with the Cauchy Distribution.' I've always wondered what people do in First Class departure lounges — Peter Phillips writes conference papers!

Obviously, with so many sessions on offer, both invited and contributed, a short report cannot do justice to everyone, but there was quality, quantity and variety on offer at the Congress — few people could justifiably say, 'There were no papers on X' or 'a dominance of Y' — there was something for (almost) everyone.

The paper from the Economic Society contributed sessions — Peter Lloyd's 'The Control of AIDS: Sanctions Versus Incentives' — is worth a mention however, not least because it made both local and national news. AIDS here is the HIV, not Deaton-Muellbauer, type and Peter Lloyd's paper investigated the economics of sanctions, in the form of fines, and incentives in the form of payments from refraining from sex and drug taking, as a means of reducing the spread of the disease. Much discussion revolved around the policing of the scheme, differences between private and social costs, incentives and time horizons, but almost inevitably some people, I think, didn't take the paper that seriously.

Most of the sessions, except Economic History and the Health Economists (who appeared to have a loose, informal association with the Congress), finished on the Thursday afternoon which made the Cocktail Party at New Parliament House in the evening a natural end to the main proceedings. The guest at the Party was, in Bob Hawke's view, 'the World's greatest Treasurer' Paul Keating — a man whose handshake belies his professional reputation. As with the other social event, the fare was better than on most such occasions and the setting of New Parliament House fully complemented the occasion.

Most delegates left at this stage, but many of the new faces at the Party reemerged at the Business Symposium dinner held later that evening. This was a red badge affair, with the 'guest of honour' and after, well actually during, dinner speech by Lord Young of Graffham alias the (UK) Secretary of State for Trade and Industry.

The meal was going fine, the company, a mixture of business persons and civil servants, a refreshing change at such conferences — until the main course was delayed to hear Lord Young discuss 'bread'! To be precise he explained the reasons behind the recent Monopolies and Mergers Commission decision to block

the Goodman-Fielder-Wattie takeover of Rank-Hovis-McDougall! The event was not helped by a slight technical hiccup at after speech question time which resulted in Jerry Hausman's question coming across as though spoken by Donald Duck.

The Business Symposium proper started on the Friday morning. Unlike the previous few days jeans and open-necked shirts were not the order of the day and cord suits were only barely passable. To be fair the organisers had warned participants to wear 'lounge suits' for such sessions, as well as the formal dinners, a suggestion which either bemused or enraged many female delegates!

The organisers had invited several notable contributors from the US, — Roger Sprimont and Japan, — Naohiro Amaya, as well as local products in the form of Simon Crean (President of the Australian Council of Trade Unions) and Senator John Stone (Leader of the Australian National Party in the Senate). The latter two reiterated their well publicised views to a somewhat self-selected audience, however by all accounts the Symposia was a success, adding to the overall effect of the Congress.

Final reflections? The Congress was a success on all levels, academic, social and as an advertisement to the business community and Government of the relevance and strength of current academic work undertaken in a broad spectrum of economic and related areas. Special congratulations should go to the various Congress Committee members who clearly came up with the goods with regard to speakers and papers.

The Congress was an 'Endorsed Bicentennial Event' — I trust it won't be another 200 years before such a meeting occurs again in the Antipodes.