

1992 AUSTRALASIAN MEETING OF THE ECONOMETRIC SOCIETY — MONASH

Colin Roberts

University of Edinburgh and Monash University

Some 200 plus participants gathered together at Monash University, Clayton Campus, for a memorable conference. Many arrived in time for the opening reception, early on the Sunday evening (5th July). It is always interesting to speculate on what particular features or incidents a conference will be remembered for, long after the event. Three candidates spring to mind; the Last of the Great Bargains, the Coming of the Three Kings or the Smashing Pumpkin versus the Red Hot Chili Pepper. (Whilst the meaning of the first of these might be readily apparent and the second one can be deduced with a little effort, the third is likely to remain elusive — but memorable nonetheless!).

Certainly, the cost of A\$125 for a full three day conference, including lunches (with wine), morning and afternoon teas, two receptions, four invited lectures, three symposia and almost 100 contributed papers, must seem amazing value for money to European and U.S. econometricians used to 'free market' pricing of conferences, often including a hefty overhead to 'professional' organisations. Hosting this Meeting clearly involves a heavy burden both in time and financial terms.

The fact that the conference also ran smoothly, involved many overseas visitors and attracted above average attendance, despite a reduction in government departmental attendance, was a tribute to Max King, his colleagues and most of the postgraduates of the Econometrics department, together with moral and financial support from various levels of the university. In particular, the Vice-Chancellor, in his Opening and Welcome speech, praised the department to an extent which had several other departmental chairpersons rather envious.

Given the general movement to harsher economic reality, coming perhaps later to Australian universities, and the desire to encourage smaller departments to host Meetings, it is unlikely that such bargains will occur in the future. Nevertheless, it is reassuring to learn that three bids have already been received for the 1994 Meeting, including some detailed and innovative proposals. Whether the successful bid depends upon the programme quality, extent of subsidy or 'Olympic style' hospitality, remains to be seen.

Invited papers consisted of two 'named' lectures and two with broad encompassing titles. The A. W. Phillips Lecture (a name which New Zealand economists seem to regret not claiming for their conferences; surely the name of

such a much travelled and multi-talented economist need not have exclusivity attached?) was given by Clive Granger (UCSD & Monash) and chaired by Conrad Blyth (Auckland). Conrad began by giving a brief but fascinating history of Bill Phillips, including development of the Moniac, a hydraulic machine designed to demonstrate the workings of the economic system, now restored to working order — a 'trailer' for the following month's New Zealand Association of Economists Conference, which featured a demonstration.

Clive proposed 'Strategies for Modelling Nonlinear Time Series Relationships'. Given the vast range of possible ways of modelling nonlinearities and the danger of these methods finding significant nonlinearities even when the true model is linear, the null of linearity should be carefully tested and not rejected lightly. Whether this will prove to be as fruitful an agenda for future research directions as some of his earlier papers only time will tell.

The Jacob Marshak Lecture was chaired by Alan Powell (Monash) and given by Mervyn King (Bank of England and LSE), as part of the 'Financial Econometrics' theme. Mervyn, demonstrating an admirable mastery of jet lag, gave a polished presentation on 'Information and Volatility of Stock Markets'. Given the stylized facts concerning volatility, namely its time varying, feedback and spillover characteristics, Mervyn examined a contagion model, with two national stock markets and two components of news in each. It was reassuring to learn that bad news was more contagious than good news and to see modelling in this area which did not consist of a further generalisation of ARCH.

The other two invited papers were titled as Lectures in Economic Theory and Econometric Theory. The former was chaired by Adrian Pagan (ANU) and given by Robert King (Rochester) on 'Quantitative Theory', allowing the continuation of a duel or 'creative dissonance' between the self-styled Smashing Pumpkin (Pagan) and Red Hot Chili Pepper (King) of Econometrics. Many of the younger participants were aware that the Red Hot Chili Peppers were a U.S. pop group, currently riding high in the Australian charts, but very few were familiar with the Smashing Pumpkins. Patient research around the record shops of Melbourne produced an extended CD single by a more local pop group, languishing in obscurity with a less accessible musical style. Whether the relative merits of Quantitative Theory, or Stylized Facts as some people refer to it, and model-based applied econometrics are well characterized by this pop culture contrast is not obvious. Certainly, the replacement of econometrics by calibration is likely to be resisted by many others present besides Adrian Pagan. The latter was chaired by Max King (Monash) and given by Whitney Newey (MIT & Monash) on 'Non-parametric Demand and Welfare Analysis'. Whitney impressed by presenting a laid-back approach to a technically demanding topic.

Invited symposia were held on General Equilibrium, with a paper by Peter Dixon, Brian Parmenter, Ken Pearson, Daina McDonald, Mark Horridge and Philip Adams (Monash) on 'The Monash Model'; Financial Econometrics, featuring Tim Bollersley (Northwestern & Monash) on 'ARCH Modeling in Finance' and Richard Baillie (Michigan State & Monash) on 'Predicting Volatility with ARCH Processes'; and Teaching Econometrics, with a panel of

Ronald Bewley (NSW), Denzil Fiebig (Sydney), David Giles (Canterbury) and Michael McAleer (UWA) — a popular session producing a wide range of experiences, advice and criticisms.

Twenty seven sessions of contributed papers were presented, usually with four papers per session and with four sessions in parallel. Papers were organised, sometimes loosely, into sessions with titles ranging from 'Game Theory' to 'Applied Econometrics; Labour & Manufacturing', again including a well-attended session on Teaching Econometrics. There was much less emphasis on Economic Theory than in European Meetings, where sessions are divided fairly evenly with Econometrics, but with more applications evident. Unit roots and cointegration remain popular topics in both theoretical and applied sessions.

Given the tradition of having a mainly local Organizing Committee dealing with the papers as well as all the local arrangements, it was perhaps inevitable that the programme showed a strong Monash involvement. However, this impression was somewhat illusory since ten of the 'Monash' presenters were in fact visitors to the department, mainly from the U.S., allowing a boost to the programme and a degree of cross-subsidization. It is hoped that future Meetings will involve a broader range of members on the Programme Committee, both to encourage a wide submission of papers and to reduce the workload on the host department.

Turning to the organisation and social aspects of the Meeting, it was gratifying to learn that the organizers had read earlier conference reports and endeavoured to avoid some of the criticisms. Consequently, each pack (a modest silver coloured plastic zip-up bag, sponsored by Westpac) contained a pen and pad, a list of delegates names and addresses and a list of local restaurants, with recommendation 'blobs', as well as the Final Programme and Book of Abstracts.

Copies of papers were made available in the coffee room for the forthcoming sessions — provided the presenters had obeyed instructions and brought sufficient copies with them — not always easy when long-distance travel is involved. Lecture theatres were close together, and to the coffee room, and generally large enough for the sessions, with the possible exception of the Teaching Econometrics — Contributed Papers session, which proved unexpectedly popular.

Lunches were good, though possible on a downward trend from the excellent cooked meal on Monday. The inclusion of wine with lunch, compared with low alcohol beer at European Meetings, perhaps led to a more relaxed style of session in the early afternoons. The Conference Dinner, for an extra A\$50, allowed delegates to enjoy the Victorian grandeur of the Melbourne Town Hall as well as an excellent meal and a generous supply of wine. An amusing after-dinner speech was given by Peter Dixon, of which my main memory was his graphic description of problems with sewage.

Attendance at the Dinner involved a coach trip to and from Melbourne, though some delegates did forego the coach back in search of the night-life of Melbourne — or at least a couple of 'Redbacks'. This perhaps highlighted one drawback of the location of the Meeting, some twenty kilometres from the centre

of Melbourne. Delegates who like to combine serious academic sessions with tourism or city life were at a disadvantage. Local restaurants were widely spread and local bars/hotels even more so. Temporary membership of the Staff club was provided but this was providing limited facilities during vacation and alterations and did not provide a much needed evening focal point. However, dedicated conferees were able to go on from this Meeting to the 1992 Meeting of the Economic Society of Australia at Melbourne University, 8th to 10th July; somewhat closer to Lygon Street.

Another aspect which appeared deficient to a European delegate was the book display section. With the exception of Thomas Nelson, Australia, who demonstrated the user-friendly statistical software package, Execustat, brought along a few books for perusal and sponsored morning and afternoon tea, no other publisher was in evidence. Surely a gathering of over 200 econometricians, often responsible for teaching much larger student numbers than their colleagues in Europe justifies more attention from the publishers? Despite these mild criticisms, I am sure that most delegates would agree that this was a high quality and well organized Meeting, with sessions to suit all tastes and at a cost which would be difficult to beat. It will be interesting to see how next year's Meeting in Sydney compares. It certainly will have locational advantages but the cost is likely to be much higher.

Acknowledgement

I am most grateful to the Department of Econometrics at Monash University for the opportunity to spend time with them as a Visiting Lecturer and consequently to attend this Meeting. However, I was not involved in the organisation of the Meeting in any way, arriving on the first day, and consider that I am able to offer an impartial and unbiased view of an excellent Meeting.