ANU COLLEGE OF BUSINESS AND ECONOMICS

MARGIN

QUARTERLY MAGAZINE

THE AUSTRALIAN NATIONAL UNIVERSITY

The new man at Treasury

ANU hosts ACE 2011

High flyers – celebrating our top students

ISSUE 4
Winter 2011

from the Dean's desk

Welcome to the winter 2011 issue of Margin.

It is my great pleasure to address you for the first time as the Dean of the ANU College of Business and Economics. As you will be aware, the College is an extraordinary combination of exceptional academics and talented students across the full spectrum of business and economics disciplines. Recognising the outstanding competition from within and outside Australia, I am nonetheless looking forward to the College being, and being recognised as, the leading business school in our region. This will be based upon the excellence of our research and education.

Excellence in research and education attracts high quality students and in May the College recognised the excellence of our students when we held our prestigious annual Scholarships and Prizes Ceremony. This ceremony celebrated the achievements of our highest-performing students at all levels, with 106 of our students receiving recognition for their outstanding academic efforts.

May also heralded the beginning of an important and prestigious partnership with the CFA Institute when the College received accreditation for the Corporate Finance and Investment Management major within the Bachelor of Finance degree. The CFA Institute partnership offers unique benefits to finance graduates, including professional recognition and ongoing development opportunities. We are very pleased to begin what we trust will be a long and fruitful partnership.

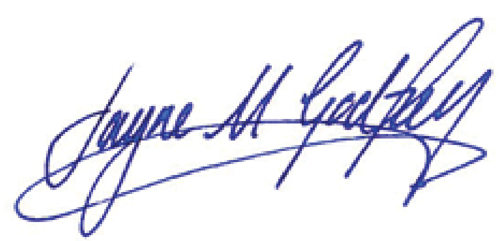
In addition, the College cemented its reputation as a centre of research excellence when six of our researchers received Australian Research Council funding to undertake research into significant topics as diverse as higher education funding mechanisms; private and public sector adoption of standard business reporting; and human resources management in an advanced economy from a Chinese multinational perspective.

College staff once again featured prominently in the ANU Top Supervisor Awards this year. In all, 11 CBE scholars were recognised in the 2011 awards as having provided outstanding quality supervision and support to our research students.

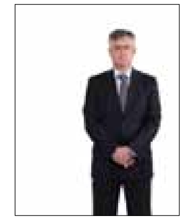
June saw the first ANU College of Business and Economics Alumni function in Bangkok, Thailand. With over 70 alumni and guests in attendance and so much enthusiasm and excitement on the night, it is sure to be the first of many events to be held in Bangkok. My thanks go to Insight Education Consulting and the ANU Alumni Office for helping to make the occasion so memorable.

Also in June, the College hosted a networking event for the Postgraduate and Research Students' Association (PARSA). This proved to be a great success, allowing staff and students to meet outside the classroom context, and to share the pleasure and pain of recent exams! We are proud to support PARSA and look forward to hosting similar events in future.

Meantime, I look forward to sharing many more of our successes with you in future editions of Margin.



Professor Jayne Godfrey
Dean and Director
ANU College of Business and Economics



Cover image: Martin Parkinson photographed by Belinda Pratten

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ON THE COVER

FEATURES

REGULARS

NEWS

ANU becomes CFA Program Partner

From left to right: Professor Doug Foster, Professor Terry O'Neill, Professor Jayne Godfrey, Dean of the ANU College of Business and Economics, Mr Ashvin Vibhakar, Managing Director of Asia Pacific Operations for CFA , Ms Brinda Gunasingham, President of CFA Society of Sydney, and Professor Lawrence Cram, Deputy Vice-Chancellor of ANU at the signing ceremony.

The Australian National University has been officially named as a CFA Program Partner for the Bachelor of Finance program with a major in Corporate Finance and Investment Management.

The CFA (Chartered Financial Analysts) Institute is a global not-for-profit association of investment professionals that seeks to lead the investment profession by setting the highest standards in ethics, education and professional excellence. It has over 100,000 members worldwide. Central to its aims is the CFA Program, a graduate level curriculum through which candidates can gain the CFA charter, a highly respected, globally recognised credential for investment professionals. The program is developed and constantly updated by investment professionals around the world, ensuring the CFA designation reflects knowledge grounded in the real world of the global investment business.

In 2006 the CFA Institute launched its Program Partner initiative, to create partnerships with leading universities around the world whose curricula cover a significant portion of the CFA Program Candidate Body of Knowledge™, and who embrace the CFA Institute's Code of Ethics and Standards of Professional Conduct within their degrees. For the partner institutions the partnerships represent a clear recognition of the real-world relevance of their finance programs, and that they will provide students with excellent preparation both for a career in the investment profession, and to go on and complete the CFA Program. The CFA Institute makes available a range of information to their partners, including CFA curriculum materials, examination samples, daily investment briefings, and complimentary magazines. They also make available a number of student scholarships.

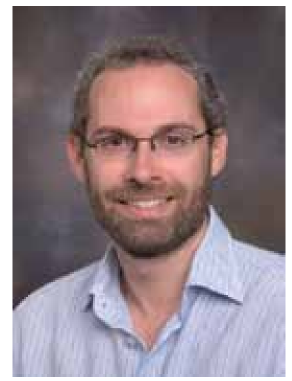
The agreement was formally signed at a ceremony at the ANU College of Business and Economics on 27 May. Representing ANU were Dean of the College, Professor Jayne Godfrey, Deputy Vice-Chancellor, Professor Lawrence Cram, and Professor Terry O'Neill, Head of the School of Finance, Actuarial Studies and Applied Statistics, as well as staff and students of the College. Speaking on behalf of the College, Professor Godfrey said, "it is important to us that our students are given every possible opportunity , both during their studies and after they graduate. Partnerships with key industry bodies such as the CFA Institute play an important role in ensuring that our graduates are identified as among the most talented available, and that they have access to professional development opportunities throughout their careers."

In response, Mr Ashvin Vibhakar, Manager of Asia-Pacific operations for the CFA, paid tribute to the hard work of Professors Terry O'Neill and Doug Foster in enabling the partnership agreement to come to pass. He went on to explain how the Program Partner initiative came into being as a natural extension of the CFA Institute's mission, stating: "if we are to lead the finance profession, where else to start but the young, brightest minds." He then addressed the students present, noting the unique opportunities for investment professionals in the region and how: "the CFA program provides you with the edge. With the quality program from ANU, coupled with professional designations, you will get that competitive advantage."

Also representing the CFA institute was Ms Brinda Gunasingham, President of the CFA Society of Sydney who outlined some of the opportunities for collaboration between the University and the Sydney Society, and how the CFA supported members and candidates for CFA accreditation in their studies.

ARC Linkage grant successes

Academics from the ANU College of Business and Economics feature prominently in the latest round of Australian Research Council Linkage Grant proposals to be approved. Of the 11 projects administered by ANU to receive funding, two feature staff from the College. In addition, Professor George Chen of the School of Management, Marketing and International Business is part of the project team for a successful proposal administered by Monash University. In total six CBE academics are involved in the successful projects.

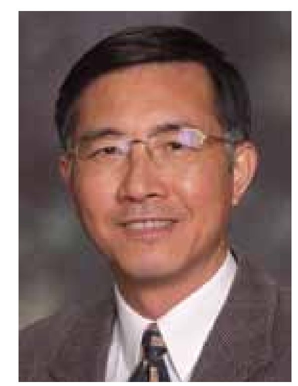


Dr Tiim Higgins (L) and Dr Mathias Sinning (R) will investigate the extended use of income contingent loans for student support

Dr Tim Higgins of the School of Finance, Actuarial Studies and Applied Statistics, and Dr Mathias Sinning of the Research School of Economics have teamed up with Professor Bruce Chapman, Professor Glenn Withers and Kiatanantha Lounkaew, in a project examining the possibilities of expanding the use of income contingent loans (ICLs) in higher education funding, both in Australia and overseas. The researchers will employ the latest statistical modelling techniques to highlight the potential benefits of a wider use of ICLs for income support and tuition, and critically analyse alternative student loan mechanisms. They will also propose new arrangements for equitable reforms in higher education. For Higgins it is an opportunity to build on the research into ICLs that he spoke with *Margin* about in the Autumn 2011 issue, and work towards their broader application in the future. The project is in collaboration with Dhurakij Pundit University, Thailand and Universities Australia.

Dr Christine Jubb, Professor Kerry Jacobs and Professor Shirley Gregor, all of the School of Accounting and Business Information Systems are collaborating with the Treasury Department and the Institute of Chartered Accountants in Australia on a project looking at the development of Standard Business Reporting in Australia. Standard Business Reporting is a government response to the business regulatory burden and streamlines business to government reporting, but involves some cost to business in its initial uptake. The researchers will examine the adoption decisions made and their consequences for business entities choosing to use this voluntary reporting channel.

Professor Chen will be working with colleagues from Monash University, in a project investigating human resource management practices in the resources sector in Australia and China. The outcomes of the project, entitled *Managing human resources in an advanced economy from the perspective of emerging Chinese multinationals: the case of NWII in Australia*, will provide important theoretical and operational insights into Chinese foreign direct investment for stakeholders such as the Australian government, community, employees and their representatives.



Clockwise from top left: Dr Christine Jubb, Professor Kerry Jacobs and Professor Shirley Gregor whose project examines the development of Standard Business Reporting. Professor George Chen, bottom right, will work on a project looking at human resource management in the resources sector

CBE Alumnus new Chief of Navy

New Chief of Navy Vice Admiral Ray Griggs

An alumnus of the ANU College of Business and Economics is among those promoted to top positions in the recent round of Defence appointments announced by Prime Minister Julia Gillard. Rear Admiral Ray Griggs is promoted to the rank of Vice Admiral and takes up the role of Chief of Navy on 4 July 2011.

VADM Griggs is a graduate of the MBA program at ANU, completing his degree in 2000. He was a recipient of the Pauline Griffin Prize in Organisational Behaviour, the Management Services AG Prize in International Business Strategy and the Westpac Banking Corporation Prize for overall academic achievement.

VADM Griggs has served in the Australian Navy since 1978. His career has included command of the Anzac Class frigate HMAS Arunta which was deployed to enforce UN sanctions against Iraq in the Persian Gulf and for which he was awarded a Commendation for Distinguished Service in 2003. He is also a recipient of the Conspicuous Service Cross, and was appointed as a Member of the Order of Australia in 2009, the year in which he was promoted to the rank of Rear Admiral. For the past 14 months VADM Griggs has held the role Deputy Chief of Joint Operations.

Top Supervisor Awards 2011

Research supervision is our forte - as recent awards will attest. In the recent 2011 Top Supervisor Awards for 2011, 11 academics from the ANU College of Business and Economics have been recognised.

Voted for by research students across ANU, awards are conferred based on numbers of nominations. CBE success this year therefore reflects a significant consensus of opinion about the quality and dedication of our staff.

The successful staff are: from the School of Accounting and Business Information Systems, Professors George Chen and Kerry Jacobs, Associate Professor Habib Mahama, Dr Mark Wilson and Dr Nigel Martin; Research School of Economics Professors Alison Booth and Xin Meng; Dr Shumi Akhtar and Dr Phong Ngo of the School of Finance, Actuarial Studies and Applied Statistics; and Associate Professors Simon Restubog and Pierre van der Eng, of the School of Management, Marketing and International Business

Thai alumni come out in force

Over ANU alumni and friends from Thailand gathered on 10 June for a special reunion event at one of Bangkok's most popular venues, the Treecreeper restaurant in Silom.

In her welcome, the Dean of the ANU College of Business and Economics, Jayne Godfrey pointed out the enormous value of alumni as stakeholders of the University and how alumni relations would continue to be a key area of focus for ANU under the stewardship of new Vice-Chancellor Professor Ian Young.

The event attracted a strong mix of younger alumni, from a wide variety of professions and served to highlight the ongoing strength of friendships and connections between ANU and its Thai-based alumni.

Student Apprentice Challenge

Economics teacher Kylie Robards and Team Captain Ashwin Chandekar from Radford College are presented with the winners certificate by Professor Jayne Godfrey, Dean of the ANU College of Business and Economics

Teams of Year 11 students representing Canberra College, Dickson College, Radford College and St Francis Xavier College converged on ANU on 7 April for the inaugural ANU College of Business and Economics Student Apprentice Challenge.

Taking on a format similar to the popular TV show *The Apprentice*, the challenge pitted students against each other in a variety of business, marketing, finance, economics and management related tasks, in order to decide which school's "company" would be recruited by CBE management.

Each team was allocated a country in advance –Japan, South Africa, Brazil and New Zealand. The day then began with the teams giving a short presentation on 'What makes a country', in which they revealed the results of their research into the economic and cultural backgrounds of their assigned countries. The presentations displayed a uniformly high standard – an early indication of how close the competition would be throughout the event.

The teams then jumped straight into an international finance and trading challenge, in which they had to convert their nation's currencies, and trade stocks and saleable goods (represented by candy) with each other. Everyone showed admirable self-control – resisting the urge to eat candy and maintaining their focus on trading surpluses and deficits.

Next, the contestants were given the chance to exercise their creativity in a marketing challenge. They selected some intriguing tasks, with Team St Francis Xavier selling chicken to New Zealand, Canberra College selling wood to assist disaster relief in Japan, Dickson College pitching beer to South African sporting fans, and Radford College using a football spokesperson to convince Brazilians to buy cologne.

For the final challenge, the teams were prepped on the art of debating and negotiation in a management scenario where each side represented either a shopping centre developer or a potential tenant in a meeting to negotiate the terms of a lease. Performance was judged on the ability to close an agreement, the favourability of the agreement, and the creativity and realism displayed.

With scores very close at the end of the challenge, judges Ed Russell (senior lecturer in Management), Deborah Veness (Education Innovation Manager) and Professor Jayne Godfrey (College Dean) had great difficulty deciding on a winner, with Radford College eventually coming out on top.

The Student Apprentice Challenge gave secondary students a chance to test their understanding of business and economics concepts, work together in teams in a simulated academic environment, and gain some valuable insights into ANU life and study. The enthusiastic feedback from the participating schools and interest from many others suggest that this will be the first of many such events.

Students and teachers from the participating schools in the 2011 Student Apprentice Challenge with Professor Jayne Godfrey Dean of the ANU College of Business and Economics after the event

The art of balance

A class act: CBE student administrator Erin Pugh demonstrates her versatility in the recent Centrepiece Theatre production of Moliere's classic satire, *The Imaginary Invalid*

A recent trip to the Courtyard Studio to see Centrepiece Theatre's adaptation of Moliere's classic *The Imaginary Invalid*, sparked some curiosity amongst CBE staff into what really makes our very own Erin Pugh tick…

Playing the servant Toinette, one of the leads in the production, Erin showed us all that she has another very talented side. Her *commedia dell' arte* style was perfectly suited to her role as the cheeky and presumptuous servant, entertaining throughout all three acts of the comedy.

A full-time administrative staff member and part-time Master of Management student, Erin is no ordinary individual. Her list of achievements includes a successful acting career, two nominations for best supporting actress at the Canberra Area Theatre Awards, and a long history of set design. One starts to wonder exactly where Erin gets the time, not to mention the energy, for anything else!

Erin has been acting since she was in College, further pursuing her craft as part of the Drama contingent of ANU. Planning to become a drama teacher, she decided she needed a well-rounded approach and started in set design, which has since become her passion. "I find it rewarding to see the physical realisation of an idea. You get to build something, something that stays in its perfect state, whereas acting can change depending on your mood, the audience – a whole range of things. And the set doesn't talk back!" says Erin.

One of the keys to her success is having a job that is completely different to her art. "Having a creative outlet gives me better work-life balance. My studies support my work, and work and theatre both support and distract from each other. It's a perfect balance," she says.

Erin plans to continue her craft long into the future. Having worked with Centrepiece Theatre since its inception in 2005, she is eagerly awaiting her next production. And after seeing her talent for the stage, so are we! JANELLE ENTWISTLE

Postscript

We are delighted to report that two ANU staff members who have featured in Margin recently will have their PhDs conferred at the Graduation Ceremony on 14 July. Dr Peter Radoll spoke to Margin in Spring 2010 about his research into ICT adoption in Indigenous communities. Dr Tim Higgins featured in the Autumn 2011 issue explaining his research into the use of Income Contingent Loans.

Congratulations to both.

In the next issue of Margin…

We take an in-depth look at Game Theory – its history and importance in economics and how ANU economists are applying it in their research.

Inaugural CBE Fulbright Scholar Lee Pearson talks about his research into non-tariff barriers to international trade and protectionism.

Plus news of staff, students, alumni and more.

Each year the ANU College of Business and Economics hosts a Prizes and Scholarship Ceremony to publicly recognise the academic prowess, hard work, and high achievement of its students over the year, and celebrate their success. This year's ceremony saw 69 students receiving scholarships, 37 awarded prizes and two recipients of prestigious University Medals.

Professor Jayne Godfrey Dean and Director of the ANU College of Business and Economics gives the official welcome at the 2011 Prizes and Scholarships Ceremony

High Flyers

The ANU College of Business and Economics celebrates the achievements of its top students

Guest Speaker, Abul Rizvi, PSM,

The ANU College of Business and Economics Prizes and Scholarships Ceremony brought together successful students and their guests, prize and scholarship donors, senior academics from the College and other University representatives. Guest speaker for the evening was Distinguished Alumni, Abul Rizvi, PSM, Deputy Secretary of the Department of Broadband, Communications and the Digital Economy.

Mr Rizvi began his speech by reflecting on how ANU has a unique balance between "the benefits of a large university campus with the feel and familiarity of universities in smaller regional cities", and how this proved a fertile ground for forming long term friendships, and connections which help to support one's professional life.

Mr Rizvi completed both a Bachelor of Economics and a Graduate Diploma in Economics at ANU, and his personal recollections of his lecturers serve to highlight the distinguished history of economics at ANU. As he said:

"The list of people who have taught economics at ANU reads like a Who's Who of world famous economists."

From this list, Mr Rizvi made specific mention of four influential figures. The first, Professor Burgess Cameron was a lecturer at ANU for over 30 years, and would be familiar to several generations of Economics students as their first lecturer in Economics as a first year student. As Rizvi recalls, he reputedly regularly dispensed "the dire warning that two out of three first year Economics students would not be going on to second year. This may well have been part of a practical lesson in supply and demand!"

Photos: Belinda Pratten

Another familiar figure from ANU's economics heritage is Professor Max Corden. Rizvi recalled attending a lecture given by Professor Corden on the Economics of International Trade, and feeling like, "we were getting the story from the horse's mouth. I know that we all felt very privileged."

Rizvi went on to describe the enduring influence of Professor Bob Gregory, known for, amongst other things, the 'Gregory Thesis' developed some thirty years ago, and still attracting much academic discussion today.

"His thesis is now the subject of whole conferences including one that I found called 'Bobology' – or in other words, the study of Bob Gregory and his thesis."

The final economist on the list was Professor Peter Swan, who Rizvi recalled lecturing on welfare gains from bank de-regulation in the early 80s. At the time, Swan was developing a submission to the Campbell Inquiry into Banking. As Rizvi points out:

"that was shortly before Paul Keating announced he would de-regulate the Australian Banking system, which is today regarded as one of the most significant economic reforms of our time."

Once again, the sense of privilege, of being in the presence not just of great academic figures, but significant players in the public policy debate, is palpable.

"Peter was of course an ANU Economics student before becoming one of Australia's most famous academic economists. I looked up his website recently and found that he was in fact twice a recipient of some of the economics prizes that are to be awarded tonight. With Professor Swan, you are indeed in exalted company.

"So you should look around you – there will be students and lecturers in this room who will go on to do great things."

> "The list of people who have taught economics at ANU reads like a Who's Who of world famous economists."
> – Abul Rizvi

The student response

Bachelor of Commerce/Bachelor of Economics student Amir Jilani gave the student response to Mr Rizvi's address. He paid tribute to the many sponsors of scholarships and prizes, pointing out how "they significantly boost our morale and prestige as students, pushing us to work harder."

He went on to reflect on the lessons of four years at ANU, stressing the value of an inquiring mind as a student:

"Don't ever underestimate the power of questioning and challenging what you know, because there will never be another time in your life when you are so freely invited to think, question and refute."

Jilani then recalled one of his most memorable experiences at ANU, representing the University at the International Alliance of Research Universities Global Summer Program at the University of California, Berkeley:

"The course at Berkeley was a Conflict Studies course, entitled 'Building Global Peace'. My fear was not being able to contribute or add value to a program which was completely peripheral to my economics degree…I realised however, that if you are well read and educated, then many of the universal challenges that we face can be examined via a multi-disciplinary lens. Our individuality and specialisation in [different] subject areas can mesh well with those from other disciplines, and ultimately help to diagnose comprehensive solutions to our common problems. At Berkeley our collective efforts and multi-disciplinary perspectives helped to found 'Roots for Tomorrow, a global student-led initiative designed to promote education in War-Torn zones."

The experience served to illustrate to Jilani the value of taking advantage of what he termed "the unlimited bandwidth of opportunities" at ANU, and the holistic nature of the education experience, that university life is not just about getting "a good degree and landing a good job", but is "in many ways about learning more about yourself."

"Don't ever underestimate the power of questioning and challenging what you know, because there will never be another time in your life when you are so freely invited to think, question and refute."

Prize winner profiles

XiaoXiong (Tony) Tan

Australian Finance Conference Prize in Corporate Finance

"Initially Corporate Finance was the most challenging subject I had…Being awarded a prize for a subject in which I struggled at the start was surprising and motivating. It has boosted my confidence for my future studies and my interest in corporate finance. I have invested the prize money in the stock market as an experiment to deepen my understanding of the financial markets."

Catherine Pellegrino

A.D. Barton Prize for Accounting IV Honours
University Medal for Accounting

"Honours was challenging, insightful and thought-provoking. These accolades have provided a boost to my confidence in undertaking further research and represent an inspiration for my PhD studies. It's challenging but achievable. So it gives you a great sense of achievement."

Weichen Yan

Economic Society Prize for Economics IV
Goldman Sachs J.B. Were Prize
India Australia Association of Canberra Prize
University Medal for Economics

"[my honours year] was extremely challenging, but very enjoyable and rewarding. I learned and benefited tremendously from lecturers and fellow students. The prizes I received … have been great recognition. Not only do they offer me financial support to continue in my chosen career of economics, more importantly, they offer me recognition for my hard work, and a vote of confidence that someone else has put their faith in me and believed in me enough to support and reward my studies."

Julia McKinnon

DFD Prize for Public Sector Accounting

"Being awarded a prize for Public Sector accounting was very rewarding and acknowledged to both my family and me that hard work does have its rewards. I took the Public sector class as a challenge as it was not a required course for my accounting major and I was amazed to find that there was such diversity in the areas of study that the public sector presents."

Luke Heinrich

ANU College of Business and Economics Undergraduate Merit Award

"The award was great recognition and encouragement. Having never had the opportunity to study economics during high school, I was a bit concerned about being put straight into the deep end, but the teaching and support has been excellent. I'm excited to apply what I've learnt this semester to the ICAA student challenge."

ACE 2011

The Australian Conference of Economists comes to ANU

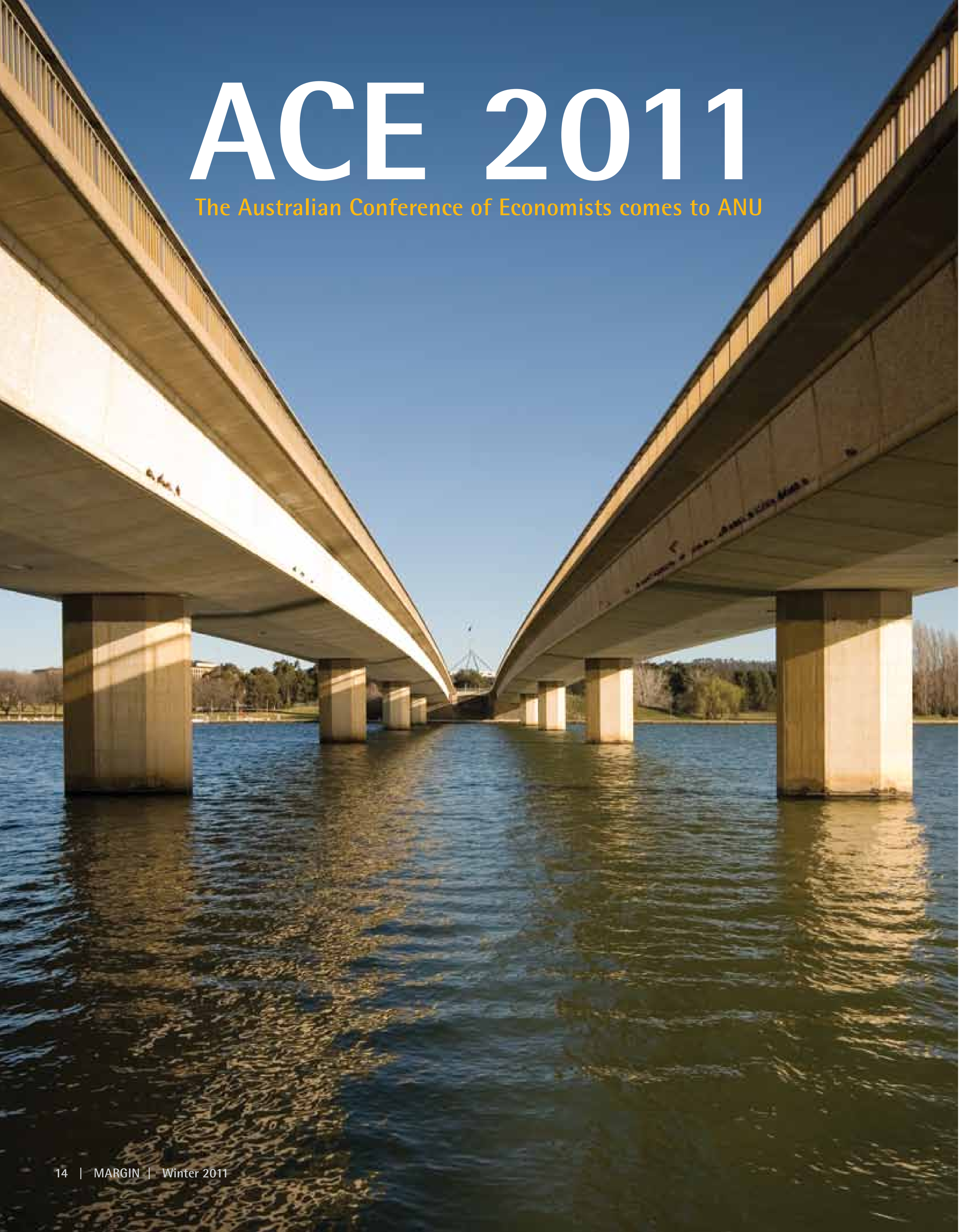


Photo: Philip Minnis/shutterstock.com

The 40th Annual Australian Conference of Economists (ACE) brings together Australian and international economists from almost every field. This year the Conference takes advantage of the appropriately academic surroundings of the Australian National University and in particular the modern facilities of the ANU College of Business and Economics. Margin looks at the highlights of the three day event.

BY STEPHEN GREEN

Traditionally held in September, ACE has moved to July in its 40th year in response to the growing internationalisation of the conference circuit, and the large percentage of the world's academics better placed to travel during the northern hemisphere summer. ANU economist and ACE convenor, Dr William Coleman, concedes this is something of an experiment, given the frosty Canberra winter, but if the number of overseas paper submissions is anything to go by, international interest is indeed strong.

"We've increased the number of invited sessions and have vigorously called for papers; it has resulted in a near record number of submissions – something like 250. Maybe one third of those are from overseas."

This large number will help to ensure both the wide range and high quality of the accepted papers; consequently there is also a record number of referees (51) working on these papers.

Amongst the notable plenary speakers at the conference are Glenn Hubbard, a former chief of President Bush's Council of Economic advisors; Hal Varian, Chief Economist at Google; and Charlie Bean, Deputy Governor of the Bank of England. Bean will deliver the much-anticipated Sir Lesley Melville Lecture on 12 July entitled 'Central Banking, then and now'.

One of the standout events at ACE is the Public Policy Symposium scheduled for 14 July at the Shine Dome of the Australian Academy of Science. Under the umbrella title: 'Does Public Policy Get The Economics It Deserves', the Symposium will discuss and debate the state of economics in Australia from the varied perspectives of the public service, academia, the press, and the community. Opening the debate is Gary Banks, Chairman of the Productivity Commission, who adds the rider 'and does Australian economics get the public policy it deserves?'. Other speakers include Brad DeLong of the University of California, Berkeley, another appearance by Glenn Hubbard of Columbia University, and Warwick McKibbin of the ANU, who will take part in a forum on macroeconomic theory and the response to the Global Financial Crisis. Later sessions examine tax, international relations (featuring Federal Member for Fraser and former ANU economist Andrew Leigh), and indigenous policy. The panellists in the '2011 Dodgies' present their arguments for 'My policy area is the worst of the lot', with the judging panel comprising Michael Stutchbury of *The Australian*, Alan Mitchell of the *Australian Financial Review* and Peter Martin of *The Age*. The lunch time address is likely to be popular, and will be given by Hal Varian, on 'Googlenomics – the economics of, and economics at, Google'. The ANU's Colm

Dr Charlie Bean, Deputy Governor of the Bank of England, gives the Sir Leslie Melville Lecture

Harmon will round off the Symposium with a presentation titled 'Making Economics Matter.'

Special sessions over the course of ACE 2011 cover the whole spectrum of economic topics, including transport and infrastructure, labour economics, health and social justice. Several sessions focus on economics from an educative perspective; another session will include discussion on economic journalism, from prominent journalist and author Ross Gittins of "Gittinomics" fame. In addition, a panel chaired by Ross Garnaut will pose the question 'How wrong is Krugman: Global imbalances and the Chinese currency', with another panel tackling the topical question of 'Why have global negotiations not yet delivered effective action on Climate Change?'.

A new feature at ACE 2011 is a special workshop on 'Academonomics'. A coinage of session leader Philip Clarke of the University of Sydney, 'Academonomics' refers to the use of economics to study academia – university life in all its dimensions. Among the topics of discussion will be the impact of Excellence in Research Australia (ERA) rankings on research: what incentives have they created? Are those sometimes perverse incentives? The workshop will also look at the payment of academics; how market loadings, for example, have burgeoned in the last 10 years, particularly in commerce faculties. Another topical issue centres on intellectual property – why is this something that concerns universities, particularly in Australia, when the income stream associated is relatively small? There will also be a presentation by Gigi Foster of the University of New South Wales on teaching quality assessment.

The latest in the series of Trevor Swan lectures will be delivered on the Wednesday evening by pre-eminent New Monetarist economist Stephen D Williamson of Washington University, St Louis.

Given the range and quality of the speakers and the diversity and volume of the submissions and scheduled events, the conference represents a remarkable concentration of intellectual stimulus. It also provides a rare opportunity to come together for this at times disparate tribe, and the occasion to recognise each others' achievements over the previous year. Alongside the various sessions, panels and lectures, will be the requisite social gatherings: a welcome cocktail party at which Dr Alex Milmow, President of the History of Economic Thought Society of Australia, will review the past and ponder the future of the Australian Conference of Economists; and the centrepiece Conference Dinner featuring the annual bestowal of awards.

The Shine Dome, home of the Australian Academy of Science, which will host the day-long Public Policy Symposium, 'Does Public Policy Get the Economics it Deserves?' at ACE 2011

Photo: Belinda Pratten

The rise of an accidental policy adviser

"the single best skill in an economic policy adviser is to be able to define what the problem is."

Dr Martin Parkinson joined The Treasury in 1981, just out of University. Now thirty years later, he heads the organisation as the nation's senior economic adviser. He has held a number of senior positions in the public service including Secretary of the Department of Climate Change and Deputy Secretary of Treasury. He also served as senior advisor to Treasurer John Dawkins and spent four years at the International Monetary Fund. In between times, he completed a Master of Economics at ANU and a PhD at Princeton. In 2010 he was inducted into the ANU College of Business and Economics Distinguished Alumni Hall of Fame. BY STEPHEN GREEN

Martin Parkinson describes the genesis of his career in economics as a combination of accident and revelation. As a student at Technical College in Victoria, he envisaged future study in the physical sciences, possibly astrophysics. When a family move to South Australia meant Parkinson had to pick up a new subject, economics was about the only one that appealed:

"I had been fascinated by the issue of opportunity: why is it that the poor always get the worst end of the deal, so I thought this was an opportunity to try and get my head around the issue."

With this guiding interest, and the exposure to a new field, a potential future in space research was soon forgotten.

"I picked up economics in year 11 and by Easter of the first year I was hooked...it had suddenly given me an insight into the fact that there were tools out there – that there were ways that you could ensure that there was better opportunity for people and that it didn't have to be that the people at the bottom end of the income distribution always got the worst outcomes."

From this point, Parkinson's dedication to a life in economics was assured. That same Easter he already knew that he wanted to study economics at university, and he duly completed a Bachelor of Economics at Adelaide University. In a 2002 speech to an ANU Postgraduate Forum entitled, *Reflections of an Accidental Policy Adviser*, he recalled coming to Canberra to join Treasury "never with any intention of making a career as a policy adviser… it seemed natural to want to be an academic."

The initial experience at Treasury provided the second 'accident' of experience, however, and notwithstanding a return to full time study to complete a Master in Economics at ANU in 1982, Parkinson's future as a policy adviser was confirmed:

"It was the realisation that you didn't just have to talk about it, you could actually do it."

He recalls the excitement of arriving at Treasury in 1981 and standing on the edge of a new era, "at the beginning of that huge wave of economists suddenly being in the centre of economic policy."

In a second speech to the ANU Postgraduate Forum in 2003, Parkinson described the ensuing two decades as an era of "absolute excitement for economists specifically interested in public policy." And he was in the thick of it, finding himself heavily involved in a wide range of issues both at Treasury (for example the tax reforms of the mid eighties) and elsewhere (he was senior adviser to Treasurer John Dawkins during the early nineties recession, and worked on reforming international financial architecture at the International Monetary Fund). At the end of that time, despite substantial periods away (including four years completing a PhD at Princeton), Parkinson was still at Treasury – almost as if it had become a natural home.

It is no surprise to anyone to find him still there eight years on, and at the head of the institution. Much of the comment on his appointment as Treasury Secretary has centred on the calibre of his training. Former economic advisor to Paul Keating, Professor Barry Hughes, for example, called him an "impeccably trained" economist, and a recent profile in the Sydney Morning Herald suggested he may be the "most technically trained Treasury Secretary this country has seen". Inevitably this refers in large part to his PhD, completed under the tutelage of current US Federal Reserve Chairman Ben Bernanke at Princeton. Bernanke indeed, is among a host of high profile figures who have reacted to the appointment with approval and a complete lack of surprise.

It would be a mistake to overemphasise this ingredient in the variety of elements that go to make a good economist. In his aforementioned address to the ANU Postgraduate Forum in 2003, Parkinson posed the question: what makes a good policy adviser? That rigorous academic training has played an important role in shaping his views on this question is without doubt, but his own answers perhaps emphasise more the benefits of experience. His first answer back in 2003 drew attention to the need for flexibility:

"Policy advisers cannot afford to become doctrinaire. It is only through well-balanced advice – that is, advice that acknowledges the uncertainties and merits of alternative positions – that good policy can emerge."

Speaking now as Treasury Secretary, he reiterates the point:

"The worst thing is to think that you have a model of some sort of the economy or of society in your head and that defines everything – you see people with that – they have one big idea, and they keep coming back to it, they use it all the time….economics gives you a whole range of tools to assist you in analysing what's going on, and you are better off actually thinking about the appropriateness of your tools all of the time…you should always use those [tools] to help you rather than as answers in themselves – they are just tools. A model is nothing more than a crude approximation of reality and once you stop remembering that, you are in great danger of being misled by the simplicity of what you've got in front of you."

Of course, not being doctrinaire does not mean not using an analytic framework, and grounding yourself well in theory. It's all about how you apply that theory to real world situations. It is tempting to polarise the world of theory (academic economics, essentially) and the world of applied economics, but Parkinson stresses the need for the two worlds to be kept close together:

"You've got to encourage the academic economist to move into and express views in the policy space, and you've got to continue to ensure that policy economists don't lose sight of the fundamental theoretical underpinnings – the tools. The danger for academics is that they can become irrelevant to the real world. The danger for policy advisers is they can become disconnected from any analytic framework and flip-flop to whatever seems to be the solution to the problem of the day…the world is full of solutions in search of problems. Somebody has always got something to sell you as a solution, so I think the single best skill in an economic policy advisor is to be able to define what the problem is."

A crucial component in approaching this, and in good policy advice in general, says Parkinson, is humility. It's fundamental to how Treasury goes about serving the Australian public:

"[You must think] broadly about what will leave the Australian people in a better position. To do that you have got to have humility, because everything is a contest of ideas – you cannot be doctrinaire, you have to accept that there will be different views put, and there will be different pieces of information that come along that will lead you to question your analysis and your tools."

"Do you make society a better place if you give people more income but in the process you destroy the incentive for them to engage more broadly in society?"

Parkinson's own thinking on this goes back to that original driving interest – the idea of opportunity, and how the poor tend to get the worst end of things. He cites the influence of (among others) the late Fred Gruen as feeding the idea that "economics isn't an end in itself, it's a tool. If your objective is to make society a better place, how do you think about it? You can do things that in the short term advantage people, but come at longer term costs…Do you make society a better place if you give people more income but in the process you destroy the incentive for them to engage more broadly in society?"

Treasury's mission statement, to improve the wellbeing of the Australian people, is built on similar foundations. It acknowledges, first and foremost that economic policy does not (and should not) have merely economic goals, that the wellbeing of individuals does not reside only in economic growth. In the early 2000s, under the leadership of then Secretary Dr Ken Henry, Treasury went through the process of defining the key elements of this position that have gone to inform exactly what it means to be carrying out their professional responsibilities to the Australian public. As Parkinson explains:

"It was a very important exercise to go through, to get straight in our own minds the things we needed to take into consideration when we thought about policy."

The exercise resulted in five key dimensions to be considered in relation to Wellbeing. The first is the level of consumption possibilities available to Australians. If this can be broadly defined as the economic element of wellbeing, the remaining four are the key considerations in contextualising it in a broader context of social benefit. So the second dimension that Parkinson defines is "thinking about the distribution of those possibilities, across different groups in society, and across space and time."

The next two are complexity and risk. As Parkinson explains:

"In part that came out of a sense that a number of us had that during the reforms of the eighties and nineties, we probably hadn't spent enough time thinking about the transitions and what the implications were for individuals… you can think of some of the reforms that we pursued as being really good for enhancing consumption possibilities because they gave us a more productive economy, but it came at a price - that we imposed either more complexity, or more risk, on individuals."

And he continues:

"We can create opportunities for individuals to be much better off but at the same time we're introducing a degree of complexity and risk that they haven't dealt with in the past. That doesn't mean they can't deal with it, or that we can't create the instruments to help them deal with it, but we need to recognise those things."

The final element is what Parkinson's predecessor, Ken Henry referred to as "opportunity and freedom". Parkinson himself elaborates it as "opportunity to participate in society". Whilst this encapsulates, in a sense, the non-economic element of wellbeing, it also captures the important element of collective benefit , that is, benefit to society. And finally it takes into account that the individual's relationship with society is a fundamental component of their net wellbeing.

Whilst he stresses that this is not a 'checklist' it does reflect the kind of analytic framework that all policy advisers need to employ. "It's a great way to think about an issue," he says, "just to ask yourself, 'am I capturing all the dimensions that I need to think about?'"

Whilst economics is a science, and so must be based on rigorous analysis, the answers that it provides are economic answers. That good economic policy advice must ground itself in that science is beyond question. However, as Parkinson summarised in his 2003 address, this is only part of the picture:

"If policy advisers are to provide good policy advice then they need to recognise that policy advice is an art not a science. It needs to draw on a range of influences and the adviser must recognise that each of [these] may throw up different questions (and so not surprisingly different answers). But it is just as important that a policy adviser can consider these influences within an holistic framework rather than as piecemeal parts of the problem."

Movers and shakers

ANU economists and the economic reforms of the '80s and '90s

One of the key elements of ANU's strategic plan for the coming decade is its contribution to public policy – through research, education and by informing the public debate. As a centre of excellence across all economics and business disciplines the ANU College of Business and Economics will play a pivotal role in this, building on a legacy of influence in public policy that stretches back several decades. College historian Peter Yule looks back at some of the ANU economists who have helped shape major economic reforms in Australia over the years.

Until very recently Economics was the most dispersed discipline at the ANU. Economists were to be found in numerous departments, research schools, and centres around the campus. Although they belonged to the one university, there was little cooperation or even communication between them. This situation has changed greatly in recent years and now a large majority of economists are in the College of Business and Economics, with the Crawford School being home to almost all the remainder.

Nonetheless, divided and isolated as they were in earlier decades, ANU economists from all around the university played a central and decisive role in the revolution in Australian public policy that took place from the 1960s to the 1990s that led to the opening up and deregulation of the Australian economy.

Until the 1960s most Australian economists, while perhaps accepting the theoretical case for free trade, believed that that in practice tariff protection could be justified. Trade policy was not an issue for debate among economists in the 1950s. However, in a series of papers during the 1960s Max Corden of the Research School of Pacific and Asian Studies (RSPAS) demolished the case for protection and united the economics profession in support of reducing or even abolishing tariffs. Heinz Arndt, Corden's colleague in RSPAS, for example, admitted that he was always a protectionist until Corden converted him.

The earliest impact of the new theoretical work on the costs of protection and the benefits of lowering tariffs was seen in the work of the Tariff Board (later the Industries Assistance Commission and now the Productivity Commission) after the appointment of Alf Rattigan as chairman in 1963. Previously a compliant agent for industries seeking higher protection, the Tariff Board began to look closely at the impact of tariffs on the broader economy. Rattigan and his staff, notably the ANU-trained Stuart Harris and Pat Barrett, were greatly influenced by the work of ANU economists, particularly Max Corden and Peter Lloyd (also of RSPAS), and introduced many of their ideas into the work of the Tariff Board, such as the concept of an 'industry rate of protection'. Many ANU economists worked with the Tariff Board and the IAC in carrying out reviews and implementing the new policies, most notably Bob Gregory of the Research School of Social Sciences (RSSS), who was First Assistant Commissioner of the IAC for several years.

The most dramatic early step toward free trade was the Whitlam Government's 25 per cent tariff cut in July 1973. This policy was orchestrated by Fred Gruen, a professor in RSSS, who was on secondment as a senior advisor to the government.

The 1980s was a decade of radical reform in Australian economic policy as the Hawke/Keating government slashed protection, floated the dollar, deregulated the banking sector and opened up large areas of the economy to competition. These reforms owed a great deal to the intellectual input of ANU economists.

Many of the Hawke/Keating reforms were based on the recommendations of the Campbell Committee of Inquiry into the Australian Financial System set up in 1980. Tom Valentine, an econometrician based in the Department of Statistics, was seconded full-time to the inquiry and he commissioned many of the faculty's young economists to carry out research on particular topics. Among others, Peter Swan and Ian Harper wrote on the welfare gains of bank deregulation and Ted Sieper and George Fane wrote a report on the merits of abandoning exchange controls and floating the dollar. Almost all their recommendations were adopted by the Campbell committee, against the strong opposition of Treasury and the Reserve Bank. While the Fraser government ignored the report, its recommendations formed the blueprint for many of the Hawke/Keating reforms.

Ross Garnaut, who had completed his BEc and PhD in the Faculties before moving to RSPAS, was Bob Hawke's economics advisor from 1983 to 1985. This position gave him the rare opportunity to be at the centre of policy-making in one of the great reforming government's in Australian history and he was able to advance much of the reform agenda that had, to a large extent, been developed by ANU economists over the previous two decades. Among many other things, he was the first to put to the government the idea that it should go beyond merely reducing tariffs to aim for complete free trade.

ANU economists also played a key role in devising and implementing the Hawke government's reforms of higher education, particularly the introduction of HECS, which was very much an ANU policy from concept to implementation. In 1988 the federal government set up a committee to advise on future policies for funding higher education. Headed by former NSW premier, Neville Wran, its members included Bob Gregory from the RSSS and Meredith Edwards, head of the social policy division of the Department of Social Security and a PhD graduate of the ANU Department of Accounting and Public Finance. Gregory recalls that his view of the committee's task was 'How can the government introduce university fees and collect substantial sums of money without appearing to introduce student fees?'[1] The answer to the quandary came from Bruce Chapman, then director of the Centre for Economic Policy Research in RSSS, with his scheme for income contingent loans. As Gregory saw it, 'the collection arrangement became the central part of the proposal so that advocates could continually argue that HECS was not a fee system'. The committee reported in May 1988 and HECS was in operation in 1989 – an elegantly designed and constructed scheme that has proved highly successful in practice.

From about the mid-1990s the reform agenda slowed down. As the Australian economy revived in response to the reforms of the 1980s, politicians became complacent and economists became less forthright in putting forward their ideas. The recent formation of the Research School of Economics in the ANU College of Business and Economics offers a golden opportunity for ANU economists to again take a leading role in developing a new policy agenda and shaping the public debate.

[1] **R.G. Gregory.** Musing and Memories on the Introduction of HECS and Where to Next on Income Contingent Loans *Australian Journal of Labour Economics*, vol. 12, no. 2, 2009, p. 238.

What makes a good teacher?

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Education is a central component of a university's mission, and yet many academics are confronted with the job without any formal training. Education Innovation Manager Deborah Veness looks at the challenges and how ANU is addressing them.

Universities are places of learning and discovery, in the widest possible sense, where wide-eyed neophytes seeking out introductory courses jostle with grey-haired specialist researchers extending understanding of every aspect of humanity and our world. Teaching, in a university, includes not only the lecturing sage on the stage, but also the group of peers debating the finer points of an experiment over a cup of coffee, and the mentor guiding a graduate student through the rites of thesis writing.

Nearly everyone has a story about their favourite – or most inspirational – teacher. Sometimes these stories are based on a single memorable event, and sometimes they reflect a long-term nurturing relationship. Is it possible to synthesize the essence of the good teacher? Even if it is possible to define in a single list these desirable traits, is it reasonable to expect every lecturer and tutor on staff to exhibit the same characteristics, or for them to be used as quality criteria?

Various quantitative studies indicate that institutions work on the assumption that the characteristics of successful teaching include effective communication, a comfortable learning environment, concern for student learning, student motivation, and course organization.[1] Certainly, most student satisfaction surveys are designed to elicit feedback from students on these aspects of their learning experience. According to Witcher et al, as well as these aspects, students value teachers who are knowledgeable about the content of the course, professional in their practice, enthusiastic about teaching, accessible, fair and respectful, and providers of "adequate" performance feedback.[2]

The importance of good teaching at university is significant, but for those who have chosen an academic life, it is only one aspect of the role.

In 1931, Alexander described a university as "an association or corporation of scholars and teachers engaged in acquiring, communicating, or advancing knowledge, pursuing in a liberal spirit the various sciences which are a preparation for the professions or higher occupations of life" .[3] The validity of this description resonates eighty years on. The work of Australian academics has three dimensions: research, teaching, and an area of activity sometimes described as governance, community, or even outreach. It is on this basis that our institutions of higher learning are judged, and it is on this basis that the work of individuals within the institutions is evaluated.

A university's scholars, whether undergraduates just starting out or senior academic staff engaged in large research projects, are acquiring and advancing knowledge. The main difference is focus: the former are working, in the main, on their own understanding and comprehension, while the latter have extended their focus and are working to grow the shared body of disciplinary knowledge and to generate knowledge from cross-disciplinary investigations.

Academic members of the university community are responsible for communicating knowledge not only to their students via courses of study and to their disciplinary peers via academic conferences and publications, but also to wider society. Professor Ian Chubb, in his new role as Australia's Chief Scientist, has highlighted this responsibility in comments in the media about the quality of public debate on climate change. In a recent interview , he said "It is about ensuring that people understand that there is proper science, properly conducted, properly reviewed and properly debated and the consequences of that debate may change the way we think or they may confirm what we think. But there's a process that underpins everything we do and I think it's too easy for people to pick one little bit of this or that and constantly ram it home because there are a lot of people in the world who know that you don't have to be bright, you just have to sow doubt."[4]

This view is reinforced by Professor Ian Young, Vice-Chancellor of the ANU, who has set our community the task of ensuring that this university is the finest in Australia, where excellence will be evident in research, in education, and in our contribution to national debate on issues of public policy.

How then, does the institution ensure that our academics are prepared for the challenges these goals set for them? How does the institution foster excellence in research, teaching, and community outreach?

The University hires experienced and dedicated researchers who are active in their field, and supports them in leading important investigations and publishing their findings in the best journals in their discipline. It provides extensive support for university lecturers, to assist them in developing their teaching skills and in providing an inspirational educational experience for all our students. Members of the ANU community are encouraged to speak out in their area of professional expertise in both academic circles and in the mass media.

When it comes to teaching, most of those employed as university lecturers start their career without a formal teaching qualification. On the face of it, this may seem to be an obstacle to the University's endeavour to provide an excellent education, but it doesn't have to be. ANU provides a wide range of opportunities for training, education and support for its lecturers and tutors.

Each of the Colleges provides courses and advice locally for those teaching and tutoring. In the ANU College of Business and Economics, for example, the Education Innovation Office runs a number of short, non-award courses in how to prepare curriculum documents, the performative aspects of lecturing, academic honesty, marking, managing a classroom, and blended learning and the use of technology in education.

Centrally, even more support is provided for the reflective university teacher. PhD students of the University, many of whom work as tutors or junior lecturers while they are completing their studies, before they go on to a career in academia, have the opportunity to participate in the *Pinnacle* program. The *Pinnacle* program is an ANU initiative that provides teaching training for PhD students at the University, aimed at assisting participants to make the transition to academic in charge of a course. Each student works closely with a more experienced academic on the preparation and delivery of a course, while undertaking other activities within the program. The University's Centre for Educational Development and Academic Methods offers a non-award introduction to tertiary teaching (Foundations of University Teaching and Learning) designed for staff new to teaching at the ANU, the Graduate Certificate in Higher Education, designed for those who have developed an interest in the scholarship of teaching, and the Master of Education for those who want to pursue their interest in higher education.

In addition to these generic courses in teaching, there are numerous training courses and many teams providing at-elbow support for those using the University's online learning environment, Wattle, both from the central Wattle team and from the educational designers and developers in the Colleges.

The diversity of these staff development activities is a result of the nature of university teaching. While there appears to be significant variation in the kinds of university lecturers and tutors identified as outstanding, we know that a good university teacher is able to speak with authority, accuracy and enthusiasm about the content of the course, that she is perceived by students to be fair, that she not only has a clear personal understanding of the academic achievement standards that she is applying, but that she is able to articulate these standards to her students and her peers, and that she knows relevant University policies, processes and procedures.

The ANU does need to be able to produce evidence that its academics are good teachers and there is no doubt that data of various kinds will be marshalled to support that case. In the end, though, perhaps all that we need to know about the very best teachers has been summarised by Barbara Harrell Carson : "students learn what they care about, from people they care about and who, they know, care about them".[5] The rest follows naturally.

[1]**Young, S. & Shaw, D.G. (1999).** Profiles of effective college and university teachers. *The Journal of Higher Education*, 70(6), November-December, 670-686.
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[5]**Carson, B. H. (1996).** Thirty Years of Stories: the professor's place in student memories. *Change*, 28(6), November-December, 10-17.

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Business partners

For eight years the MBA program at ANU has been partnering with local businesses to provide students with real world situations in which to test their learning. It's a collaborative venture that has continued to prove the fulcrum of the program's success, as well as supplying considerable benefits to the businesses involved. BY STEPHEN GREEN

One question frequently levelled at MBA programs is – are they all they are cracked up to be? Are graduates just a group of analytical boffins who have no idea how to put things together in the real world of business? In a sense, the Integrated Business Projects (IBP) course in the MBA program at ANU was created to tackle this question: how to ensure the program has a practical application?

Instituted in 2003, IBP is a capstone course for the MBA program at ANU, and one of the key differentiators over its competitors. It provides students with the opportunity to apply everything they have learnt in the program in a real-world business environment. Working in teams, students must develop international growth plans for (predominantly) local businesses seeking to expand into new overseas markets.

Integrated Business Projects works as a natural progression from the preceding course in the program, *Entrepreneurship and New Venture Planning*, in which students have to create a new venture of their own, drawing up a business plan, interviewing prospective target customers, and going through the whole planning process. It takes the challenge to a higher level.

"When you dream up your own venture you've got complete control of your whole universe," says course convenor Chris Nailer, "with someone else's project, you've got all the pre-history, all their ideas and goals and what they want to achieve to take into account. It's a much more complex exercise."

Over 12 weeks, students effectively work as consultants, employing analytical frameworks and techniques that they have learnt over the course of their MBA program to produce international growth plans for their partner companies. And true to reality students face a variety of constraints and potential dilemmas beyond the challenge of developing an international growth strategy. For example, the amount of data that companies provide will vary from project to project, and students will need to identify the best approach to obtain the supporting material they need – do they request additional data? Do they take comparable examples from the market and make projections based on that? Another possibility is that students will perceive a larger strategic issue for the company which will inevitably affect the success of their specific project.

"Sometimes in consulting you take on a brief where you realise that the client is asking the wrong questions,' explains Nailer. "As consultants, do we give them what they've asked for or should we give them what they need and run the risk of making them upset with us?"

Except on one crucial (and helpful) respect, (they are not paid for their work), the students carry out these projects exactly as if they were practising business consultants. It's the most intense phase of the MBA program and demands considerable commitment:

"You build a relationship, take ownership of what you are going to give them [the clients] – it's pretty real, pretty live. The students put in massive amounts of effort to make sure it's as good as they can make it, and they learn massive amounts in the process."

The success of the course is very much dependent on the collaboration of businesses, who are prepared to give their time consulting with students, providing briefs, background data and feedback during the project. In return, they receive the benefits of the combined knowledge, expertise and experience of some very talented students. The project report also becomes the company's property. In the best case scenarios, the students' work does go on to help inform an international business growth strategy. Sometimes, it will support the argument against such expansion. In either case, it's a valuable contribution to a company's strategic thinking. Participating companies have been positive in their feedback over the years, generally reflecting the benefits of gaining a different perspective on their business challenges, and the high standard of the students' contributions.

Digital video systems development company, General Dynamics Mediaware worked with MBA students as part of the program in 2010. Operations Manager, and acting Managing Director John Lilleyman reflects enthusiastically on the experience:

"ANU's reputation of focused education strengthened by a foundation of research was clearly demonstrated when General Dynamics Mediaware was invited to collaborate with MBA students on an international product launch. This project provided MBA students with the opportunity to research our product's technologies and benefits, and apply their business skills learned at ANU to develop a marketing plan. Both the experience and students gave General Dynamics Mediaware a fresh perspective, as well as valuable insight into the benefits of thorough research methodologies. The MBA students truly reflect the values and commitment to excellence ANU has established and we are proud to have been a part of this experience."

MBA graduates have been similarly warm in their praise for the scheme. Mat Kimberley completed his MBA in 2007 and has since been working in a variety of roles for AusAID.

"The IBP program gave me the opportunity to apply the theory and test the boundaries of what I was learning, it also challenged us all to step outside previous backgrounds and experiences and think differently. "

Kimberley takes up the role of Chief of Operations for AusAID in Indonesia this year, and anticipates the MBA will be very helpful.

This year the course passed a significant milestone, with 50 projects having been completed over the eight years since its inception, in collaboration with 38 different companies. All but three of these have been based in the ACT. 35 of the projects have been with private sector companies, which speaks volumes for the breadth of businesses in the area, a fact not often acknowledged about Canberra.

"This represents eight years of concerted pro-bono contribution by the ANU's management programs to Canberra's small but highly internationalised business community," says Nailer, "and the benefits flow both ways. Incorporating these in-depth, hand-on business development projects as one of the cornerstones of our MBA program gives our students an opportunity to integrate everything they have learned and apply it to a real business task. This is one of the benefits of being in Canberra – the business community is small, very supportive, and local personal contacts go a long way, helping us to build practical commercial depth into our management programs."

Economics of happiness

Happy Valley – can the Bhutanese philosophy of national wellbeing work in Australia?

Are the traditional indicators of economic prosperity sufficient to reflect our collective sense of wellbeing? Hayley McNeel considers an alternative perspective.

Most Australians have a fair idea of how the economy operates as a whole. The macroeconomic concepts of employment, exchange rates, and the current account of the balance of payments are widely understood, and the interactions of these markets and variables serve to inform our understanding of our level of economic performance relative to the rest of the world. Reportage of inflation incites mild paranoia with its pursuant impact on interest rates, based on a national obsession with housing finance and our rates of consumption and investment are closely examined.

Yet fewer Australians seriously consider other measures of our collective prosperity – such as happiness. Whilst we have myriad quantitative tools to measure wealth and income from a top-down approach, happiness is subjective, and less definitively measurable.

This is not a discussion of whether an increase in national wealth has a direct and positive correlation to improved wellbeing – whether money buys happiness. That has been the subject of much debate amongst economists, sociologists and psychologists since Richard A. Easterlin raised the topic in 1974 with what is now described as the "Easterlin Paradox". Rather, it is a question of whether the relationship between economic might and happiness are mutually exclusive.

The lack of formulaic measurables for happiness does not prevent the tiny, largely Buddhist Kingdom of Bhutan measuring its societal prosperity on the basis of 'Gross National Happiness' (GNH). This unconventional approach shuns consumer-driven growth measures in favour of a more holistic criterion, inclusive of environmental, cultural and political wellness drivers as well as economic indicators. The focus on GNH does not, in this case, come at the expense of fiscal responsibility, but it does engender a sense in citizens that their society benefits from a dual focus on material and spiritual development. But would this approach work in Australia? Australia developed under colonial rule, and segments of the population still resent the influence of the monarchy, unlike the Bhutanese, maturing without external authority. Australia's economy developed rapidly, and indigenous cultural practices failed to dramatically impact upon the greater population to the extent that ancient history informs the Bhutanese way of life. And then there is "affluenza" afflicting our population at large, a term increasingly utilised with respect to that unsustainable addition to economic growth and excessive consumption – certainly not something practised by the spiritual beings of Bhutan.

Consumerism is not, of itself, detrimental, with our material wellbeing an understandably dominant factor of life in the developed world. It is when this consumption becomes a mindless activity for the majority that its impact becomes a damaging force in society. Noted proponent of sustainable development, Professor Tim Jackson of the University of Surrey, claims that "we are being persuaded to spend money we don't have, on things we don't need, to create impressions that won't last, on people we don't care about." It is with this in mind that Australians can take note of the Bhutanese approach, and inject an element of mindfulness into their spending, and make an effort to enjoy what is there rather than desire only what is not. Perhaps instead we should be treating happiness as a public good to be maximised, rather than relying on economic growth from consumption to drive societal prosperity.

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Yijuan Chen

Why are health care report cards so bad (good)?

Journal of Health Economics (Vol 30, issue 3)

This paper provides a signaling-game theoretical foundation for empirically testing the effects of quality report cards in the U.S. health care industry. It shows that, when health care providers face an identical distribution of patient illness severities, the multidimensional measures in the existing report cards render them a mechanism that reveals the providers' qualities without causing them to select patients. However, non-identical patient type distributions between providers, attributed to the referring physician, may force the high-quality provider to shun patients in order to signal himself. Despite this imperfection, the existing report cards cause the minimum provider selection compared with alternative report mechanisms.

Since the report cards not only may cause providers to select patients, but also cause patients to select providers, the single difference-in-differences estimates used in previous studies are not sufficient to indicate providers' selection behavior. In an updated empirical framework, a treatment effect shall be estimated once every period.

Pierre van der Eng

Why didn't colonial Indonesia have a competitive cotton textile industry?

Modern Asian Studies (Accepted MS)

This article quantifies the consumption and production of cotton textiles at different stages of processing in Indonesia during the Dutch colonial era. It discusses the main factors that impeded the development of an internationally competitive cotton textile industry. It concludes that production in the industry increased significantly in Java during 1820-71, and again during 1874-1914 and 1934-41. However, most activity involved finishing of imported cotton cloth to suit local preferences. Spinning and weaving increased only marginally, as domestic production was precluded by the high labour intensity of small-scale production, marginal local raw cotton production, and competitive international markets for yarn and cloth. Unfavourable and fluctuating real exchange rates discouraged investment in modern spinning and weaving ventures until trade protection and technological change in small-scale weaving caused rapid growth of domestic production after 1934.

Cagri Kumru and Athanasios Thanopoulos

Social security reform with self-control preferences

Journal of Public Economics (Vol 95, Issues 7-8)

This paper analyses a fully funded social security system under the assumption that agents face temptation issues. Agents are required to save through individually managed Personal Security Accounts without, and with mandatory annuitization. When the analysis is restricted to CRRA preferences our results are congruent with the literature in indicating that the complete elimination of social security is among the reform scenarios that maximize welfare.

However, when self control preferences are introduced, and as the intensity of self-control becomes progressively more severe the "social security elimination" scenario loses ground very rapidly. In fact, in the case of relatively severe temptation the elimination of social security becomes the least desirable alternative.

Under the light of the above findings, any reform proposal regarding the social security system should consider departures from standard preferences to preference specifications suitable for dealing with preference reversals.

Martine Mariotti

Labour Markets During Apartheid in South Africa

Economic History Review (Accepted MS)

Anecdotal evidence shows that despite extensive restrictions on the hiring of African workers, these workers were increasingly employed in semi-skilled occupations throughout the apartheid era.

I show that White skill acquisition throughout the apartheid era reduced the supply of White semi-skilled workers and led to the removal of job reservation, the process of reserving skilled and semi-skilled jobs for Whites. Although job reservation declined, there is little evidence of a decline in racial segregation in the labour market.

I conclude that the transformation evident in the labour market was driven by White economic incentives rather than any evident change in White preferences regarding racial segregation.

Brian McCaig

Exporting out of Poverty: Provincial Poverty in Vietnam and US Market Access

Journal of International Economics (Accepted MS)

Can a developing country reduce poverty by gaining increased market access to a large, rich country? The 2001 U.S.-Vietnam Bilateral Trade Agreement (BTA) provides an excellent opportunity to examine this question as, unlike other bilateral trade agreements, the U.S. tariff cuts were not influenced by Vietnamese industries. Using variation in the structure of the labour force across provinces prior to the trade agreement, I construct provincial measures of U.S. tariffs.

To address concerns over confounding trends between changes in provincial poverty and changes in provincial tariffs I follow two approaches: controlling for trends based on observable initial conditions and differencing away time invariant trends using pre-BTA data.

I find that provinces that were more exposed to the U.S. tariff cuts experienced faster decreases in poverty between 2002 and 2004. Additionally, I document that the movement of workers across provinces is limited in scale, particularly for those with low levels of education. Finally, I show that the most exposed provinces experienced faster wage growth for workers with low levels of education, but not for highly educated workers.

Simon Restubog, Prashant Bordia & Sabari Bordia

Investigating the role of psychological contract breach on career success: Convergent evidence from two longitudinal studies

Journal of Vocational Behaviour (Accepted MS)

The current study extends past research by examining leader–member exchange as a mediator of the relationship between employee reports of psychological contract breach and career success. In addition, we tested a competing perspective in which we proposed that performance mediators (i.e., in-role performance and organizational citizenship behaviors) will mediate the breach–career success relationship.

Subjective and objective indicators of career success were assessed using supervisor-rated promotability and archival data on actual promotion decisions, respectively.

In Sample 1, we found that supervisor-rated leader–member exchange (T1) mediated the relationship between breach (T1) and objective career success after 2 years. In sample 2, we replicated and extended these results using a three wave measurement over three years.

Specifically, we found that leader–member exchange (T2) mediated the relationship between relational breach (T1) and subjective (T2) and objective (T3) career success. Performance-based mediators at T2 were no longer significant when regressed together with leader–member exchange and relational breach, ruling out alternative mediator explanations.

John Roberts

A conceptual framework for studying the interaction of demand, supply and the market environment in product line optimization

International Journal of Research in Marketing (Vol 28, issue 1)

This paper examines the work of Michalek et al. (2011) and Tsafarakis, Marinakis and Matsatsinis (2011), published in this issue of the International Journal of Research in Marketing, within a strategic framework. This framework allows a consideration of how the powerful tools that the two papers propose can be harnessed within the overall direction and activity of the firm.

On reviewing these two papers, one could concentrate on the algorithms and heuristics that make the complex problem of product line optimization tractable. Such an analysis would be valuable. Instead I concentrate on the strategic environment in which the optimization decision takes place to allow a consideration of applications and extensions within a managerial context. I do that by suggesting a framework for product line decisions after a brief overview of both articles. That enables me to examine managerial issues that arise in implementing such an approach in practice, many of which are addressed in the two papers. For those issues not addressed in the papers, I propose a set of research questions which would be valuable to managers.

Steven Roberts

What are distributed lag models of particulate matter air pollution estimating when there are populations of frail individuals?

Environmental International (Vol 37, issue 3)

The three-state (healthy, frail, and dead) population model is commonly used in time-series investigations of mortality displacement and particulate matter air pollution (PM). In this paper, the author proposes a new population model, called the mixture population model, that by allowing PM to have differential effects on individuals in the population, extends the population models currently used in investigations of mortality displacement.

Using this new model, the properties of distributed lag models (DLM) of PM are investigated. In particular, the author derives a relationship between the parameters of the proposed population model and the estimates obtained from a DLM fitted to mortality arising from the model. This relationship provides insight into the interrelationships between the size of the frail population, the number of lags of PM included in a DLM and the proportion of the effect of PM on the healthy population that is estimable.

The relationship will guide and contextualize future investigations by providing researchers with the knowledge to assess the consequences of the number of lags of PM included in a DLM in terms of what they can plausibly infer about the effect of PM on mortality based on this choice of lag.

Mark Donohue, Simon Musgrave, **Bronwen Whiting**, Soren Wichmann

Typological feature analysis models linguistic geography

Language (Vol 87, number 2)

Dunn and colleagues (2008) describe and exemplify the use of sophisticated analyses of abstract structural features to reconstruct language histories. The techniques that they use do show some clustering in the groups of languages that they examine; Dunn et al. state that they 'tend to favour a phylogenetic origin for the signal of relatedness' (p. 748), and that the results of their test case 'show a close degree of correspondence to the existing linguistic classification based on sound-meaning correspondences' (p. 747). We argue that a more parsimonious explanation for the results obtained by Dunn et al.'s methodology is that it accurately maps linguistic geography, the network of contact and diffusion that postdates a proto-language, in most cases corresponding to geographic distance.

Peter C. Verhoef, Peter S.H. Leeflang, Jochen Reiner, Martin Natter, William Baker, Amir Grinstein, Anders Gustafsson, **Pamela Morrison**, John Saunders

A Cross-National Investigation into the Marketing Department's Influence within the Firm: Towards Initial Empirical Generalizations

Journal of International Marketing (Accepted MS)

This study of the influence of the marketing department (MD), as well as its relationship with firm performance includes seven industrialized countries and aims to generalize the conceptual model presented by Verhoef and Leeflang (2009). This investigation considers the antecedents of perceived MD influence, top management respect for MD, and MD decision influence, as well as the relationships of these three influence variables with market orientation and business performance. Meta-analytic procedures reveal initial empirical generalizations: Accountability, MD innovativeness, and the customer connection capabilities of the MD relate consistently to all three studied MD influence measures. The generalization also shows that MD influence contributes to business performance indirectly through its' positive relationship with market orientation and directly through its' positive direct relationship with business performance.

ABSTRACTION

18 August – 25 September 2011

Curated by Terence Maloon and Paul Selwood

Artworks by: Michael Buzacott, Virginia Coventry, Paul Hopmeier, Roy Jackson, Jan King, Allan Mitelman, John Peart, James Rogers, Paul Selwood and Aida Tomescu

Image (detail): Aida Tomescu, Welt II, 2005, mixed media and collage on paper, 117.5 x 88.5 cm. The Australian National University Art Collection.

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