

Economics Program

Description

The Economics Program has an outstanding reputation as a research group, with its members: exploring economic problems of national importance and engaging in economic policy advice. The program contributes to the development of the Australian economics profession through the training of graduate students, joint research projects with members of other universities and via the convening of professional conferences.

The Program shares staff and resources with the Social Policy Evaluation, Analysis and Research Centre (SPEAR). We also have two informal centres, the Centre for Income and Labour Dynamics in Asia (CILDA) and the Centre for Economic Policy Research (CEPR). The Program also includes appointments that are funded from endowments: the Coghlan Professor of Economic History, and F.H. Gruen Distinguished Fellows.

Members of the Program contribute to teaching in the National Centre for Development Studies, the Faculty of Economics and Commerce and to the Graduate Program in Public Policy.

Aspects of the Research Agenda

Individual researchers in the Economics Program determine their own research agendas. Nevertheless, over time, a number of common program themes tend to evolve. Much of our current research, for example, relates to the economics of the family, econometric methods, regulation and the role of government, the determinants of health and happiness, and the economics of education.

With respect to the economics of the family, there are several research topics. Professor Alison Booth, for example, has been exploring the impact of home and market productivities on labour market outcomes. In related research Professor Booth also modelled the impact of tax policy on market and domestic hours of work. Dr Robert Breunig researched the intra-household economic behaviour between couples, with his work including: publication on non-cooperative models of the household and their ability to explain a long-standing puzzle in the US Food Stamp literature, a study of disagreement between partners over the experience of financial difficulty using Australian data, and the modelling of household labor supply using structural models of the household applied to Australian data.

The economics of the family is also a critical aspect of the joint work of Dr Deborah Cobb-Clark, Dr Tue Gorgens and Dr Robert Breunig. In a project with the department of Family and Community Services known as The Intergenerational Transmission of Dependence on Income Support Patterns, Causes and Implications for Australian Social Policy, these researchers have been examining family allocation of time between the labour market and the home, noting their very important implications for the future labor market involvement of children have embarked upon a major project. Dr Gorgens is involved in

many aspects of this project, but in particular is responsible for developing two of the three questionnaires. This work is particularly important in an economy where long spells and reliance on government income support is very common.

Work and family time allocation is similarly an area in the work of Dr Aydogan Ulker, with his main emphases relating to retirement financing. One of his papers examines the extent to which both marital breakdown and widowhood hinder an individual's ability to save for retirement years. In a related vein, Dr Facundo Sepulveda has been working with Professor Booth on exploring inter-relationships between fertility and pension schemes in the context of an ageing society. Also related to the economics of the family is part of the research agenda of Dr Prem Thapa, who has produced working papers on the dynamics of welfare dependence for sole mothers, using the special data set created for the POLIS (*Parents on Low Income Study*) project as part of a ARC Linkage grant with FaCS.

Also in this general area is Dr Tue Gorgen's development of a research agenda which looks at issues related to childcare and children's development. This work is joint with Xiaodong Gong (Research School of Pacific and Asian Studies).

Dr Deborah Cobb-Clark was involved in several projects related to the economics of the family. Among other topics Dr Cobb-Clark examined health shocks, job loss, and changes in household composition on the retirement plans of older Australians (aged 45-55). Understanding how individuals and households plan for retirement, and how they respond to these economic shocks can help policy makers to better predict aged-pension expenditures and assess whether the benefits available to the elderly are satisfactory for those forced to leave the labour force earlier than desired.

A second economics of the family project explored by Dr Cobb-Clark examined the consequences of growing up in an income-support family. The overarching goal is to identify the causal mechanisms through which parental income-support receipt influences young peoples outcomes. This project is innovative in its use of survey data merged to unique administrative data that link the income-support records of some 53,000 young Australians and their parents. This project is funded by a large ARC-Linkage grant.

The development of econometric methods and techniques is a theme of both Dr Robert Breunig and Professor Adrian Pagan, with the former's research agenda being characterised by the application of cutting-edge micro-econometric techniques applied to interesting economic problems. Dr Breunig also works to advance econometric theory in the areas of non-parametric econometrics, econometric analysis with complex survey data, and finite-sample econometrics, and he continues to apply the new tests for Markov-Switching models, which he developed with Professor Pagan.

In 2005 Professor Pagan's work continued on business cycle and macroeconomic modelling methods. The particular emphasis in the latter was on a critical analysis of the type of modelling that is being done in many central banks today. Invited talks on the subject were given at a conference in Barcelona in April. Some consultancy work on the

development of these models was done with the Bank of Italy and The Reserve Bank of New Zealand.

Regulation and the role of government is an area of interest for many members of the Economics Program. Professor Bob Gregory explored several research topics in the general area. These included the role of government and the effect of regulatory changes in the industrial relations area, and the policy interactions between the labour market and the welfare system. In the spirit of the role of government policy, Professor Bruce Chapman completed a book on the use of income contingent loans for a host of public policy initiatives, a project which has built on his research and policy development with respect to the Higher Education Contribution Scheme. The new areas include: recovering fines for low level criminal activities and white collar crime; for the financing of social investment community projects; as an alternative to drought relief grants; and for the provision of insurance to low income housing recipients.

There are many other examples of members of the Program pursuing research on policy related themes. Some additional examples are: Professor Alison Booth has been modelling the impact of tax policy on market and domestic hours of work; Dr Facundo Sepulveda has been examining the costs and benefits of policies governments can implement with respect to what kinds of business regulations there should be, if an economy faces the problem of corruption within the public service; and Dr Andrew Leigh exploring tax and income distribution issues, and using some unique data supplied from the Australian Taxation Office to examine the issue of tax bunching (with Professor Bruce Chapman).

The determinants of both health and happiness became major research areas for the Economics Program in 2005. Dr Paul Frijters delivered the inaugural F.H. Gruen public lecture, which summarized the state of happiness research in the economics profession, a presentation influenced importantly by his many contributions in the field. With Professor Jan van Ours, Professor Alison Booth modelled the determinants of happiness within the household, and explored issues of gender identity or of specialisation in affecting observed outcomes. As well, Mr Nick Carroll, a PhD Student, examined the effects of unemployment on life satisfaction.

In the health area there were many contributions. One is a joint project between Dr Aydogan Ulker and Dr Paul Frijters investigating the robustness of the effects of life-style choices on (i) self-assessed general health status, (ii) problems with undertaking daily tasks and chores, (iii) mental health indicators, (iv) body mass index, (v) the presence of serious long-term health conditions, and (vi) mortality. Two, Professor Alison Booth with Mr Nick Carroll, a PhD student, was involved in empirical analysis of the determinants of Indigenous and non-Indigenous health status. Three, Professor Bob Gregory examined health expenditure among Australian veterans with Dr Phillip Clarke, a visitor from Oxford and the University of Sydney. With Dr Chris Ryan, Dr Clarke also studied the reliability and consistency of self-reported health responses by individuals.

A final theme within the Program and members of SPEAR is the economics of education. Dr Chris Ryan continued his research on the role of schooling on the later life outcomes of

individuals through its effect on student literacy and numeracy. His research addressed the magnitude of the causal impact of additional literacy and numeracy performance among school students on their later participation in university, the role of early measures of both cognitive and non-cognitive skills on the economic and social outcomes of individuals in their late twenties and early thirties, and on the impact of vocational qualifications on the employment of individuals with prior experience of unemployment.

Also in the economics of education, with Dr Andrew Leigh, Dr Ryan examined different approaches to the measurement of rates of return to education. Dr Leigh and Dr Ryan examined also the factors behind changes in the quality of school teachers. In a related vein, Professor Booth did joint empirical analysis with Ms Hiau Joo Kee, a PhD Student, on the determinants of educational attainment; they find birth order has a significant effect on this variable.

As well as these general themes, Professor Graeme Snooks continues his long-term project on global dynamic systems. This project has generated a general dynamic theory to explain the origin, nature, and fluctuating fortunes of both human society and life. The resulting 'dynamic strategy theory' has been employed in a series of ten books (and numerous articles) to explain the dynamics of human society over the past 2 million years and of life over the past 4 billion years, the dynamics of modern developed and lesser-developed societies, historical biology, and the origins and role of human nature, mind, and psychology. This is the first successful general dynamic theory to employ a demand-side approach, which can be contrasted with the supply-side approaches of neoclassical economics, game theory, and the theory of self-organisation.

Feature Article

Dr Aydogan Ulker has been a Research Fellow in the Economics Program of the Research School of Social Sciences at the ANU since July 2003. His main research interests are in the areas of applied microeconomics, econometrics, and public finance. His work has focused on a number of important public policy issues such as aging and consumption inequality, household structure and consumption insurance of the elderly, and the effects of marital history on wealth accumulation and portfolio allocation. In 2005 he worked on issues related to life style choices and health, marital disruptions and housing outcomes in Australia, and consumption at the end of the life cycle.

Specifically, in a joint project with Dr Paul Frijters, he investigated the robustness of the effects of life-style choices on (1) self-assessed general health status, (2) problems with undertaking daily tasks and chores, (3) mental health indicators, (4) body mass index (BMI), (5) the presence of serious long-term health conditions), and (6) mortality. The lifestyle choices he considered are regular exercise, being a smoker and the amount of alcohol consumed. The findings showed surprisingly large differences in effects of lifestyle on the health measures and a general lack of consistency between the measures used.

In a second project, co-authored with Professor Daniel Slesnick, Dr Ulker examined the age profiles of consumption for the elderly individuals distinguished by gender and

educational attainment to assess whether the elderly are able to maintain well-being after retirement. These profiles provided little support for the view that consumption levels of the elderly are at risk. He found that, despite large decreases in income due to retirement, consumption levels were largely maintained for a broad spectrum of individuals.

Dr Ulker's third project, done jointly with Dr Malathi Velamuri, examined marital disruptions, homeownership and housing satisfaction in Australia using data from the longitudinal HILDA survey. The results uniformly suggest that individuals were likely to stop being homeowners following marital separation or divorce. That is, *relative to married couples*, divorced individuals were more likely to be renters than homeowners. The negative effects of divorce were observed to be highly significantly for both males and females, but the effects were more pronounced for women. In terms of housing satisfaction, the results clearly indicated that divorced individuals were much less satisfied with the house that they live in. The negative relationship between housing satisfaction and divorce was more pronounced among the males rather than females.

Dr Ulker is currently working on a project which investigates the relationship between non-standard job schedules and workers' physical and mental health outcomes using data from the HILDA. What does the around-the-clock economic activity mean for workers health? Despite the fact that non-standard work accounts for an increasing share of the job opportunities, relatively little is known about the potential consequences for health and the existing evidence is ambiguous. This study aims to shed some light on this issue. In a final study, Dr Ulker worked on the effects of household characteristics on youth health and happiness in Australia. With respect to policy this issue is very important because negative outcomes early in the life cycle not only affect the level of well-being during this period but also cause permanent damaging effects which persist throughout the entire life cycle. Therefore, he argues that it is crucial for us to understand the significant determinants of well-being during youth years in terms of designing policies which would minimize the detrimental effects in later years of life.

Honours

Alison Booth, Economics Program was elected: Fellow of the Academy of Social Sciences in Australia; President, European Association of Labour Economists and member of the Council of the European Society of Population Economics.

Paul Frijters, Economics Program won the Prize of the Society of Friends of the DIW Berlin: best Junior publication using the German Socio-Economic Panel for a joint paper with John H. De-New and Michael Shields.

Bob Gregory, Economics Program was honored with Doctor of Commerce *honoris causa* with The University of Melbourne.

Grants

Australian Research Council, Discovery Projects

A. Booth and T. Gorgens, Economics Program

\$280,000 (2004-2006) for 'Modelling the Impact of Home and Market Productivities on Employment Status, Part-Time and Full-Time Wages, and Household Formation'. With M. Coles, Institute for Economic Analysis, Barcelona, Spain/University of Essex.

A. Booth, Economics Program

\$319,000 (2005-2007) for 'Modelling the Labour Market and the Impact of the Tax - Benefit system on Employment and GDP'. With P. Apps, University of Sydney and R. Rees, University of Munich.

P. Frijters, Economics Program

\$150,000 (2005-2007) for 'Policy-Related Lessons from the Econometric Analysis of Life Satisfaction Data in Australia'. With M. Shields, University of Melbourne.

R.G. Gregory, Economics Program and X. Meng, RSPAS

\$325,000 (2005-2007) for 'Private Responses to Demographic Change and Pension Reform in Urban China'.

R. Breunig, Economics Program

\$255,000 (2006-2008) for 'The Consistency of Private Regulation of Infrastructure Businesses Across Australian Jurisdictions'. With F. Menezes, Economics Faculties, ANU.

D. Cobb-Clark, Economics Program

\$225,000 (2006-2008) for 'The Wealth and Asset Holdings of Native and Foreign Born Australian Families'.

B. Chapman, Economics Program

\$235,000 (2006-2008) for 'Why Poorer Students are Less Likely to go to University: Theoretical and Empirical Evidence for Australia with Implications for Policy'. With B. Cardak, La Trobe University and V. Martin, University of Melbourne.

A. Leigh, Economics Program

\$210,000 (2006-2008) for 'Understanding and Improving Teacher Quality'.

Australian Research Council, Discovery (Fellowship) Project

B. Chapman, R. Breunig, R. Gregory and C. Ryan, Economics Program

\$260,000 (2003-2005) for 'Literacy and Numeracy, Schooling, Neighbourhoods and Labour Market Success'. With T. Crossley, McMaster University, Canada and P. Kenyon, Curtin University.

Australian Research Council, Linkage Projects

R. Gregory, X. Gong and P. Thapa, Economics Program

\$230,000 (2003-2005) for 'The Dynamics of Low Income, Welfare Reliance, and Changes in the Family Structure of Parents with Dependent Children'. With M. Gray, CAEPR, ANU.

D. Cobb-Clark, R. Breunig and T. Gorgens, Economics Program and SPEAR

\$500,000 (2004-2009) for 'Intergenerational Transmission of Dependence on Income Support: Patterns, Causation and Implications for Australian Social Policy'. With B. Borland, University of Melbourne, B. Wolfe, University of Wisconsin-Madison, B. Haveman, University of Wisconsin-Madison and J. Pech, Department of Family and Community Services.

Danish Research Council

T. Gorgens, Economics Program

DKK918,000 (2006-2008) for 'Nonparametric and Semiparametric Inference in Panel Data Models with Fixed Effects'. With Allan Wurtz, University of Aarhus.

Department of Family and Community Services

A. Ulker, Economics Program

\$10,000 (2005) for 'Marital Disruptions, Homeownership and Housing Satisfaction in Australia: Evidence from the HILDA'. With the SPEAR Project.

National Institute for Business and Economics, ANU

P. Thapa, Economics Program

\$7,500 (2005) for 'Australian Labour Market Research Workshop'.

Staff

Professor and Head of Program and Centre for Economic Policy Research

B.J. Chapman, BEc(Hons) (ANU), PhD (Yale), FASSA, AM

Professors

A.L. Booth, PhD, MSc (Econ) (London School of Economics)

R.G. Gregory, Bcom (Melb), PhD (Lond), FASSA, AO

A.R. Pagan, Bc (Qld), PhD (ANU), FASSA

Coghlan Professor of Economic History

G.D. Snooks, Bc, Mec (UWA), PhD (ANU) FRHistS, FASSA

Senior Fellow and Director , Social Policy Evaluation and Research Project

D. Cobb-Clark, BA, MA (Mich State), PhD (Mich)

Research Fellows

R. Breunig, BIS SIT (Vermont), PhD (Calif, Riverside)

P. Frijters, MA (University of Groningen), PhD (University of Amsterdam)

X. Gong, BSc (Fudan), MA (Renmin Uni of China), PhD (Tilburg)

T. Gørgens, Cand Oecon (Aarhus) PhD (Iowa)

A. Leigh, BA, LLB (Sydney), MPA, PhD (Harvard)

C. Ryan, MEc(ANU), BCom, PhD (Melb)

F. Sepulveda, BA (Universidad de Buenos Aires), PhD (Michigan State University)

P. Thapa, BA (Williams), MA (Calif, Berkeley), PhD (ANU)

A. Ulker, BSc (Bogazici, Turkey), MSc, PhD (University of Texas at Austin)

C. Yamauchi, BA, MA (University of Tsukuba), CPhil, PhD (UCLA)

Adjunct Professors

Prof P. Apps, University of Sydney
 Prof R. Haveman, University of Wisconsin-Madison
 Dr K. Shields, University of Melbourne
 Dr M. Shields, University of Melbourne
 Prof B. Wolfe, University of Wisconsin-Madison

Visiting Fellows

Prof N. Dimsdale, Oxford University
 Prof J. Frank, University of London
 Prof S. Grant, Rice University
 Dr M. Keating, Canberra
 Prof M. Morgan, London School of Economics
 Emeritus Prof J. Pitchford, Canberra
 Dr J. Smith, NCEPH, ANU
 Dr S. Solomou, University of Cambridge
 Prof J. Williamson, Harvard University

Program Visitors

Mr J. Blackham, Department of Family & Community Services
 Dr P. Clarke, University of Oxford
 Dr F. Cornaglia, University College London
 Prof C. Dustmann, University College London
 Mr M. Fukac, University in Prague
 Prof M. Hoy, University of Guelph
 Dr H. Hoynes, University of California
 Prof R Junankar, University Western Sydney
 Ms K. Lau, NIEB, ANU
 Ms V. Pearse, Department of Family & Community Services
 Dr L. Richardson, Department of Employment and Workplace Relations
 Prof Y. Rocaboy, University of Rennes
 Mr M. Rodrigues, The Treasury, ACT
 Assoc Prof R. Ross, University of Sydney
 Dr P. Stemp, University of Melbourne
 Prof J. van Ours, Tilburg University
 Dr S. Whelan, University of Sydney

IT Support

M. Wood, BEc (Hons) (Flin), GradDip Computing Studies (CCAIE) (part-time)
 D. Treasure, B.Comm, B.InfoTech (ANU)

Research Assistants/Administrators

E. Klug, BApp Sci (CCAIE) (part-time)
 J. Muller (part time) (ARC Project)
 B. Lawton (part-time)

C. Treadwell

Postgraduate Students and Topic of Research

Baron, J.

Essays in applied microeconometrics

Bing, L.

Patterns of possible income support for China's ageing population

Carroll, N.

Essays on the consequences of unemployment and low income

Haugh, D. (submitted)

Essays on the role of asset prices and confidence in macroeconomic performance and policy

Kee, H.

Empirical essays on labour market earnings, productivity and welfare

Tan, M.

Economic consequences of marital breakdown

Worner, S.

Education and matching

Yu, P.

An examination of fertility in Australia using the HILDA survey

Publications

Edited Books

Snooks, G.D.

Exploring the Horizons of Big History. A special issue of *Social Evolution & History* 4(1). 200pp. Uchitel Publishing House, Moscow.

Book Chapters

Apps, P. and Rees, R.¹

Time Use and Child Costs Over the Life Cycle. In Hamermesh, D.S. and Pfann, G.A. (eds), *The Economics of Time Use*. Elsevier, B.V., The Netherlands. 205-235.

Booth, A.L. and Frank, J.⁶

Gender and Work-Life Flexibility in the Labour Market. In Houston, Diane M. (ed.), *Work-Life Balance in the 21st Century*. Palgrave Macmillan, UK. 11-28.

Gregory, R.G.

Australian Labour Markets, Economic Policy and my Late Life Crisis. In Isaac, Joe and Lansbury, Russell D. (eds), *Labour Market Deregulation. Rewriting the Rules*. Federation Press, Leichhardt, NSW. 204-220.

Between a Rock and a Hard Place: Economic Policy and the Employment Outlook for Indigenous Australians. In Austin-Broos, Diane and Macdonald, Gaynor (eds), *Culture, Economy and Governance in Aboriginal Australia*. Sydney University Press, Sydney. 135-150.

Thapa, Prem J. and Shrestha, S.K.¹

Economic Reforms in Nepal: Performance and Prospects. In Jha, Raghendra (ed.), *Economic Growth, Economic Performance and Welfare in South Asia*. Palgrave Macmillan, UK. 52-75.

Journals

Apps, P.

Gender, Time Use, and Public Policy over the Life Cycle, *Oxford Review of Economic Policy* 21(3). 439-461.

The High Taxation of Working Families, *Australian Review of Public Affairs* 5(1). '2004' 1-24.

Booth, A.L.

Paintings by Jimmy, *Antipodes* (December). 193-195.

Booth, A.L. and Bryan, M.L.¹

Testing Some Predictions of Human Capital Theory: New Training Evidence from Britain, *Review of Economics and Statistics* 87(2). 391-394.

Blackaby, D.¹, Booth, A.L. and Frank, J.⁶

Outside Offers and the Gender Pay Gap: Empirical Evidence from the UK Academic Labour Market, *The Economic Journal* 115(501). F81-F107.

Breunig, R.

Testing for Regime Switching in Singaporean Business Cycles, *The Singapore Economic Review* 50(1). 25-34.

Breunig, R. and Dasgupta, I.¹

Do Intra-Household Effects Generate the Food Stamp Cash-out Puzzle?, *American Journal of Agricultural Economics* 87(3). 552-568.

Breunig, R. and Wong, M.⁴

Estimation of Total Factor Productivity, *Quantitative Tools for Microeconomic Policy Analysis*. 195-214.

Cai, L.¹ and Gregory, R.G.

Unemployment Duration and Inflows into the Disability Support Pension Program: Evidence from FaCS LDS Data, *Australian Economic Review* 38(3). 233-252.

Chapman, B. and Denniss, R.¹

Using Financial Incentives and Income Contingent Penalties to Detect and Punish Collusion and Insider Trading, *The Australian and New Zealand Journal of Criminology* 38(1). 122-140.

Chapman, B. and Ryan, C.

The Access Implications of Income-Contingent Charges for Higher Education: lessons from Australia, *Economics of Education Review* 24(5). 491-512.

Cobb-Clark, D., Connolly, M.¹ and Worswick, C.¹

Post-migration Investments in Job Search and Education: A Family Perspective, *Journal of Population Economics* 18(4). 663-690.

Engel, J.¹, Haugh, D.⁵ and Pagan, A.R.

Some Methods for Assessing the Need for Non-Linear Models in Business Cycle Analysis, *International Journal of Forecasting* 21. 651-662.

Frijters, P., Haisken-DeNew, J.P.¹ and Shields, M.A.¹

The Causal Effect of Income on Health: Evidence from German reunification, *Journal of Health Economics* 24. 997-1017.

Frijters, P., Whitley-Price, S.¹ and Shields, M.A.¹

Job Search Methods and Their Success: A Comparison of Immigrants and Natives in the UK, *The Economic Journal* 115(507). F359-F376.

Gong, X., van Soest, A.¹ and Zhang, P.¹

The Effects of the Gender of Children on Expenditure Patterns in Rural China: A semiparametric analysis, *Journal of Applied Econometric* 20. 509-527.

Harding, D.¹ and Pagan, A.R.

A Suggested Framework for Classifying the Modes of Cycle Research, *Journal of Applied Econometrics* 20. 151-159.

Hoxby, C.¹ and Leigh, A.

Wage Distortion. Why America's Top Female College Graduates Aren't Teaching, *Education Next*, Spring. 50-56.

Keating, M.⁶

Economic Regulation and the Provision of Infrastructure, *Competition and Consumer Law Journal* 13. 178-189.

Kortt, M.¹ and Clarke, P.M.

Estimating Utility Values for Health States of Overweight and Obese Individuals Using the SF-36, *Quality of Life Research* 14. 2177-2185.

Leigh, A.

Economic Voting and Electoral Behavior: How do Individual, Local, and National Factors Affect the Partisan Choice?, *Economics and Politics* 17(2). 265-296.

Deriving Long-Run Inequality Series from Tax Data, *Economic Record* 81(255). S58-S70.

Meng, X.⁴ and Gregory, R.

Intermarriage and the Economic Assimilation of Immigrants, *Journal of Labor Economics* 23(1). 135-176.

Meng, X.,⁴ Gregory, R. and Wang, Y.¹

Poverty, Inequality, and Growth in Urban China, 1986-2000, *Journal of Comparative Economics* 33(4). 710-729.

Snooks, G.D.

Big History or Big Theory? Uncovering the Laws of Life, *Social Evolution & History* 4(1). 160-188.

Why is History Getting Faster? Measurement and Explanation, *Filosofskie Nauki* 48(4). 51-68.

The Origin of Life on Earth: A new general dynamic theory, *Advances in Space Research* 36(2) (Space life sciences: Astrobiology). 226-234.

Conferences and Workshops**Macroeconomics Study Group****March-December, ANU**

A reading group that meets every two weeks or so to discuss papers in the field of macroeconomics. Organised by Dr Facundo Sepulveda and Dr Timothy Kam.

The Bobfest**16 June, ANU**

A conference in honour of Professor Robert Gregory to mark his contribution to Australian Economics. This was organised by the Research School of Social Sciences. The main organisers were Prof Bruce Chapman and Dr Paul Frijters. Contributors included speakers from the US and Australia, and labour market economists from around Australia. The conference was attended by about 200 economists and policy makers from Australia and overseas.

Australian Treasury

March- July

Dr Paul Frijters had teaching contracts with the Australian Treasury which involved guiding 28 policy analysts through the basics of economics, right up to the policy frontier.

Social Capital in Australia

29 August, ANU

Dr Andrew Leigh organised a conference on major issues in social capital scholarship, with substantial assistance from Mrs Chris Treadwell. The three major speakers were Prof Robert Putnam (Harvard University), Dr Michael Woolcock (Harvard University and the World Bank), and Dr Paul Frijters (RSSS, ANU). Prof Bob Gregory summed up the proceedings. Around 90 people attended, most from government and academia. The conference was part-sponsored by the National Institute of Economics and Business (ANU).

Optimal Government Policies

November-December, ANU

A 14 hour course on graduate level macroeconomics organised by Dr Facundo Sepulveda and Dr Timothy Kam and CAMA. Sponsored by NIEB, the Economic Theory Centre and The Economic Design Network at the University of Melbourne. The lecturer was Dr Begona Dominguez from the University of Auckland and it was attended by about 30 staff and students from universities across Australia.

Australian Labour Market Research Workshop

5 December, ANU

Dr Prem Thapa (with the help of Prof Bruce Chapman) organised the ALMR workshop as part of the Annual Meeting of the Australian Society of Labour Economists. The ALMR is designed to disseminate high quality research on labour economics and labour relations and to promote informed public debate about current labour market issues. Major sponsors were the Commonwealth Department of Employment and Workplace Relations and National Institute of Economics and Business (ANU). The 2005 ALMR featured 14 selected papers and two special invited sessions. The Keynote Address by Prof W. Craig Riddell, of the University of British Columbia in Canada, who spoke on the educational transitions and the employment outcomes observed for a sample of welfare recipients from a major Canadian welfare to work project. A Roundtable Discussion on *Why Does Household Production Matter for Labour and Other Market Sector Outcomes?* This Roundtable was moderated by Prof Alison Booth (ANU) and Prof Christian Dustmann (University College London), who each presented papers on two specific applications of a household production framework. Keynote speaker: Prof Craig Riddell, University of British Columbia. Others: Prof Alison Booth (ANU) and Prof Christian Dustmann (University College London). 95 participants came from academia and Commonwealth government departments.

New Methods in Econometric Research, Centre for Applied Macroeconomic Modelling, Canberra

15 December, ANU

Professor Adrian Pagan organised a workshop to discuss new methods for handling heterogeneous agents in models, the design of robust control methods and how to handle open economy aspects of macroeconomic modeling. Speakers were Prof Bruce Preston of Columbia University, Dr Richard Dennis of The Federal Reserve Bank of San Francisco and Drs Petar Vujanovic and Jim Thompson of Commonwealth Treasury.

Joint Research Projects

Professor A.L. Booth

Hours of Work and Gender Identity: Does part-time work make the family happier? With Prof J. van Ours, Tilburg University.

Modelling the Impact of Home and Market Productivities on Employment Status, Part-time and Full-time Wages and Household Formation. With Prof M. Coles, I.C.R.E.A. and I.A.E., Spain.

Modelling the Labour Market and the Impact of the Tax-benefit System on Employment and GDP. With Prof M. Coles, I.C.R.E.A. and I.A.E., Spain.

Professor B. Chapman

Private Training Markets and Credit Constraints. With Dr T. Crossley, McMaster University and T. Kim, Japan.

Income Contingent Loans for Child Care. With Mr T. Higgins and Ms E. Martin, Commerce, The Faculties, ANU.

Births, Debts and Mirages: The effect of HECS on fertility. With Dr R. Kippen, ANU and P. Yu, RSSS.

Income Related Loans for Social Investment Community Projects. With R. Simes, Networking Economic Consulting Group.

Shock, Horror: HECS for TAFE? With F. Ramirez, ANU student.

Dr D. Cobb-Clark

Racial Harrassment in the US Military. With Dr H. Antecol, Claremount-McKenna College, United States.

The Wealth and Asset Holdings of Native- and Foreign-Born Immigrant Families. With Dr V. Hildebrand, Glendon College, Canada.

The Effects of Employment Status on Job Search Outcomes. With Dr P. Frijters, RSSS and Dr G. Kalb, University of Melbourne.

Retirement Expectations in Australia. With Dr S. Stillman, Motu Research, Wellington, NZ.

Intergenerational Transmission of Dependence on Income Support: Patterns, Causation and Implications for Australian Social Policy. With Dr R. Breunig, RSSS, Dr T. Gorgens, RSSS, Prof R. Haveman, University of Wisconsin-Madison, Prof B. Wolfe, University of Wisconsin-Madison, Prof J. Borland, University of Melbourne and J. Pech, Department of Family and Community Services.

Dr T. Gørgens

Job Search over the Business Cycle: The case of young Australians. With Dr D. Doiron, University of New South Wales.

Persistence in Australian Youth Labor Market Histories. With Dr D. Doiron, University of New South Wales.

Selection and Stunting Effects of Famine: A case study of the Great Chinese Famine. With Dr R. Vaithianathan, University of Auckland and Dr X. Meng, RSPAS.

Youth Job Histories: Where do part-time jobs lead? With Dr C. Ryan, RSSS and Dr D. Doiron, University of New South Wales.

State Dependence in Youth Labor Market Experiences and the Evaluation of Policy Interventions. With Dr D. Doiron, University of New South Wales.

Growth, Income and Regulation: A Non-linear Approach? With A. Würtz and M. Paldam, University of Aarhus.

Nonparametric and Semiparametric Inference in Panel Data Models with Fixed Effects (project supported by the Danish Research Council). With A. Würtz and M. Paldam University of Aarhus.

Professor R.G. Gregory

The Dynamics of Low Income, Welfare Reliance, and Changes in the Family Structure of Parents with Dependent Children. With Dr M. Gray, CAEPR, Dr X. Gong and Dr P. Thapa, RSSS.

Health Expenditure Among Australian Veterans. With Dr P. Clarke, University of Sydney.

Dr A. Leigh

Top Incomes in Australia. With Sir A.B. Atkinson, Oxford University.

Top Incomes in New Zealand. With Sir A.B. Atkinson, Oxford University.

Explaining Top Incomes in Anglo-Saxon Countries. With Sir A.B Atkinson, Oxford University.

Competing Approaches to Forecasting Elections: Economic Models, Opinion Polling and Prediction Markets. With Assistant Prof J. Wolfers, University of Pennsylvania.

Happiness and the Human Development Index: Australia is Not a Paradox. With Assistant Prof J. Wolfers, University of Pennsylvania.

Explaining the Decline of Teacher Quality in the United States. With Prof C. Hoxby, Harvard University.

Inequality and Health: Long-Run Evidence from a Panel of Countries. With Prof C. Jencks, Harvard University.

Professor A.R. Pagan

Inventory Modelling. With Prof L. Maccini, Johns Hopkins University.

Econometric Issues in Estimating Dynamic Stochastic General Equilibrium Models. With Dr M. Fukac, Czech Bank.

Dr C. Ryan

Changes in the Labour Market for Young Adults and the Implications for 'At Risk' Young People. With Dr L. Watson, University of Canberra.

Self-Reported Health: Reliability And Consequences For Health Inequality. With Prof P. Clark, University of Oxford.

Dr F. Sepulveda

Optimal Regulations and Red Tape in an Economy with Corruption. With Prof F. Mendez, University of Arkansas.

Risk to Health Expenditures and Asset Accumulation by the Elderly. With Prof G. Glomm, Indiana University and Dr A. Ulker, RSSS.

Professor G.D. Snooks

Contributor to the Biographical Dictionary of Australian & New Zealand Economists Project. Edited by Prof J. King, La Trobe University.

Dr P. Thapa

Regional Income Inequality in Nepal: A Decomposition and Marginal Analyses. With Prof S. Paul, University of Western Sydney.

Dr A. Ulker

The Robustness of the Different Health Measures with Respect to Life Style Choices. With Dr P. Frijters.

Consumption at the End of the Life-Cycle. With Prof D.T. Slesnick, University of Texas at Austin.

Marital Disruptions, Homeownership and Housing Satisfaction in Australia: Evidence from the HILDA. With Dr M. Velamuri, Victoria University of Wellington.

Service to Outside Organisations

Professor A.L. Booth

Member, external reference group of the Household Income and Labour Dynamics in Australia (HILDA) Survey; evaluation panel, Chair in Economics, Department of Economics, University of Oslo; selection committee, Chair in Economics, Economics Department, University of Sydney.

Dr R. Breunig

Advisor, Department of Family and Community Services.

Taught special course on Gauss Language Programming for Department of Treasury. International Assessor, Australian Research Council.

Member, Social Sciences, Humanities and Law Advisory Committee (Library); Economics, Commerce and Geography Library Advisory Committee; NTEU representative to UniSuper Consultative Committee.

Dr D. Cobb-Clark

Member, reference committee of the Household Income and Labour Dynamics in Australia (HILDA) panel survey, University of Melbourne; Participation Modelling Project: academic reference panel, the Treasury; board of advisors, Motu Research, NZ.

Professor B. Chapman

Treasurer, Academy of Social Sciences in Australia.

President, Australian Society of Labour Economists.

Adjunct Professor, Institute of Applied Economic and Social Research Professorial appointment committee, University of Melbourne.

Assessor, ARC Discovery and Linkage Grant Applications.

Supervisor, The Treasury/ANU Economics secondment.

Consultant, Victorian Government on tertiary funding issues.

Advisor, Commonwealth Department of Health and Aged Care on aged care policy.

Dr P. Frijters

A teaching contract with the Australian Treasury which involved guiding 28 policy analysts through the basics of economics, right up to the policy frontier.

Professor R.G. Gregory

Member, ARC-NHMRC Ageing Well Research Network; Economic Statistics User Group, Australian Bureau of Statistics; Member ARC-NHMRC Expert Group Ageing Well Ageing Productivity.

Dr M. Keating

Member, Executive Committee of the Academy of Social Sciences.

Chairman, Policy and Advocacy committee of the Academy of Social Sciences.

Professor A. Pagan

Member, Bank of Italy; Reserve Bank of New Zealand.
Program Committee, World Econometric Congress in London.

Dr C. Ryan

Contract research (with T. Gorgens) Commonwealth Department of Education, Science and Training.
Member, Longitudinal Surveys of Australian Youth Steering Committee.

Dr P. Thapa

Consultancy (with R.G. Gregory & E. Klug) report for the Commonwealth Department of Family and Community Services on the Inter-relationship between child support and Family Tax Benefits for income support customers.

Service to Journals and Book Series

Professor A.L. Booth

Member, editorial board, *Labour Economics*; *The Economic Record*.

Dr R. Breunig

Book review editor, *Economic Record*.
Referee, *Economic Record*; *American Journal of Agricultural Economics*; *Journal of Applied Econometrics*; *Agenda*; *B.E. Journals in Economic Analysis & Policy*.
Reader, Australian Research Council for Discovery Grant Program.

Dr D. Cobb-Clark

Co-editor, *Journal of Population Economics*.
Editorial board, *Australian Journal of Labour Economics*; *Economic Record*.
Referee, *International Migration Review*; *The Economic Record*; *The Journal of Labor Economics*; *Journal of Policy Modeling*; *Social Science Quarterly*.

Professor B. Chapman

Associate editor, *Education Economics*
Member, editorial board, *The Economics of Education Review*; *The Australian Journal of Labour Economics*.
Referee, *The Economic Record*; *The Australian Journal of Labour Economics*; *The Economic Record*; *Cambridge University Press*; *The Australian Journal of Education*.

Professor R.G. Gregory

Editorial board, *Australian Journal of Labour Economics*.
Editorial committee, *Economic and Labour Relations Review*.

Dr M. Keating

Editorial board, *Australian Journal of Public Administration*.

Referee, *Australian Journal of Public Administration*.

Professor A. Pagan

Editorial board, *Journal of Applied Econometrics*; *Advances in Computational Economics*;
Australian Economic Review; *Macroeconomic Dynamics*; *Journal of Financial Econometrics*.

Associate editor, *Econometric Reviews*.

Co-editor, *Advanced Texts in Econometrics*.

Dr C. Ryan

Referee, *Economic Record*; *Journal of Population Economics*.

Professor G.D. Snooks

Member, editorial board, *Social Evolution & History*.

General editor, *Economic History of Southeast Asia*.

Dr P. Thapa

Referee, *Economic Record*; *Journal of Eastern Caribbean Studies*.

Dr A. Ulker

Referee, *Journal of Population Economics*.

The Social Policy Evaluation, Analysis, and Research Centre (SPEAR)

Program Description

The SPEAR Centre commenced in 2000 as a joint initiative between the Australian Government Department of Family and Community Services (FaCS) and the Economics Group in the Research School of Social Sciences at the ANU. Although the Centre's initial social policy research agreement with FaCS concluded at the end of 2004, The SPEAR Centre is continuing and expanding with a second five-year Social Policy Research Services Agreement for 2005-2009. The Centre's focus remains on ensuring that social policy evaluation in Australia derives maximum benefit from the latest international developments.

Future plans for the SPEAR Centre include:

continuing its research into social policy issues under the terms of the agreement with FaCS proceeding with its collaboration with FaCS on ARC linkage grants for research on intergenerational welfare receipt and parents on low incomes; continuing to provide appropriate training courses; hosting secondments of FaCS staff to the SPEAR Centre to participate in joint research projects and facilitating the sponsorship of PhD training.

The Social Policy Evaluation Annual Conference 23-25 February, ANU

The first Social Policy Evaluation Annual Conference (SPEAC) was held in Canberra from 23rd to 25th February 2005. This meeting was the result of a collaboration between The SPEAR Centre, The IZA (Institute for the Study of Labor, Bonn) and the Commonwealth Department of Family and Community Services. The aim of this meeting was to establish an active network in the area of labour market programs by bringing together leading international researchers in a relaxed atmosphere.

The goal of the workshop was to discuss international experiences with social policies and reforms, and to exchange ideas about methodological advances in program evaluation. The focus was on papers undertaking evaluation of non-standard social policies and/or using non-standard methods. Speakers were from Australia, the United States of America, Switzerland, Germany, France and Israel. The topics covered included: evaluation of income-support and educational policies, the evaluation of social reforms, and the evaluation of health policies. The second SPEAC Conference is now being organised in conjunction with the [Institute for Labor Market Policy Evaluation \(IFAU\)](#) and will be held in Uppsala, Sweden, in October 2006.

Research into Social Policy Issues - Agenda

The SPEAR Centre Research Agenda for 2005 included the following projects:

1. The role of grandparents in providing informal childcare. (Stephen Whelan)
2. Women's transition into paid employment after birth of a child. (Bob Gregory and Prem Thapa)

3. Male and female labour force dynamics and the role of parenthood. (Denise Doiron and Tue Gørgens)
4. Childcare and the effects of childcare on children's development. (Xiaodong Gong and Tue Gørgens)
5. Self-esteem, social behaviour and later life outcomes. (Chris Ryan)
6. Marital disruptions and housing transitions of divorced individuals in Australia. (Aydogan Ulker)
7. Household responses to economic shocks and their impact on retirement decisions. (Deborah Cobb-Clark and Steve Stillman)
8. Measuring financial hardship: The role of survey methodology. (Deborah Cobb-Clark and Robert Breunig)
9. Do resident adult children pool their income with their parents. (Robert Breunig)

ARC Linkage Grant

The Intergenerational Transmission of Dependence on Income Support: Patterns, Causation and Implications for Australian Social Policy is a 5-year ARC Linkage Grant-funded project in which the ANU is working with the Australian Government Department of Family and Community Services. The researchers on this project are Dr Deborah Cobb-Clark, Dr Robert Breunig, Dr Tue Gørgens of the Australian National University, Professor Jeff Borland of the University of Melbourne, and Professors Robert Haveman and Barbara Wolfe of The University of Wisconsin. The aim of this project is to examine the consequences of growing up in an income-support family. The first stage will describe the relationship between parents' and children's income-support receipt to determine whether these children are more likely to access income-support programs themselves. Stage 2 will identify the causal mechanisms through which parental income-support receipt influences children's outcomes. Identification of these transmission mechanisms is a necessary first step in formulating policies targeted towards breaking any cycle of welfare dependence. This project is innovative in its use of survey data merged to unique administrative data that link the income-support records of some 53,000 young Australians and their parents. A pilot for the study, which will involve surveying approximately 4,000 Australian youths and parents over a three year period, is scheduled for March 2006, with the first wave of interviews planned for August-September 2006.

Staff

Fellow and Director

D. Cobb-Clark, BA MA (Mich. State) PhD (Mich)

Research Fellows

T. Gørgens, Cand Oecon (Aarhus) PhD (Iowa)

A. Leigh, BA, LLB (Sydney), MPA, PhD (Harvard)

C. Ryan, MEd (ANU), Bcom, PhD (Melb)

C. Yamauchi, BA, MA (University of Tsukuba), CPhil, PhD (UCLA)

Visitors

V. Hildebrande, York University, Canada

S. Whelan, University of Sydney

Students

J. Baron, BEc (Columbia), MEc (ANU)

M. Tan, B.Bus (RMIT), GradDipIntDevEc, MintDevEc (ANU)

Research Assistant/Administrator

S. Lindsay, BA (ANU) (part-time)