

NEW ZEALAND ASSOCIATION OF ECONOMISTS (INC.)
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A newsletter to promote the exchange of information, news and ideas among members of the New Zealand Association of Economists (Inc).

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Another conference

EDITORIAL

Well, Gary is overseas at present, so this issue of *Asymmetric Information* is an unconstrained expression of my idiosyncrasies. We lack a couple of the regular features, "Websites for economists" and "From our foreign correspondents". They have been displaced by some discussion on "Gaps", and several conference-related items.

The 2001 conference in Christchurch was an interesting experience. It demonstrated to me that we are really a networked community of economists with a diversity of cultures. In an area reliant on innovative thinking for its advancement and contribution to society, this may be more valuable than the monolithic "centres of excellence" suggested for a restructured the tertiary sector. The latter view is based more on a view of competing establishments, each with internal economies of scale, but lacking any diseconomies and unable to gain through associating with each other. In fact, some distance can be useful for generating fresh perspectives.

A weakness of the New Zealand economics community is its small numbers. However, this is also its strength. Rather than having large conferences for specialist sub-groups, we are obliged to mingle. We can all observe innovative ideas in teaching, get a sense of the problems faced by consultant economists, and see that we all lose out if lawyers and economists try to work without acknowledging each other. We can see the emerging human face of Treasury and the embryo of a forum and job market for young economists.

I found it particularly encouraging to see many papers aiming for relevance and challenging us to question accepted beliefs. Discussion on papers, while suitably critical, also focused on the positive and was generally supportive.

As always, there is a lot to be done to strengthen economics, analysis and policymaking in New Zealand. I left Christchurch with the feeling that such progress is possible.

by Stuart Birks, Massey University

We invite members to submit a brief article on any issue of interest to NZAE members, and/or comments and suggestions. Enquiries and contributed articles should be sent to Stuart Birks and Gary Buurman [K.S.Birks@massey.ac.nz]. Views and opinions expressed in these articles are those of the authors, and do not represent the views of the New Zealand Association of Economists.

Law and Economics Association of New Zealand Wellington Seminars, August 2001-

Time: Monday evenings from 6-7pm

Please note that the times and the dates of seminars are subject to change.

Location: Lecture Theatre 4, Victoria University of Wellington Law School, Old Government Buildings (opposite the Beehive)

There are two seminars planned for August:

6 August 2001 – Ruth Busch will explain why the Property Relationships Act is the best thing since sliced bread, and on

13 August 2001 – Stuart Birks will contend that sliced bread is not all it's made out to be.

Other seminars are planned for 2001. For further details, to check dates, and for catering purposes if you wish to attend, RSVP to: Brock Jera, Seminar organiser, LEANZ

Email: Brock_Jera@LECG.com

Professor Erkin Bairam, 1958-2001

One of New Zealand's leading academic economists, Professor Erkin Bairam, died recently in Dunedin aged 43.

Widely published in books and professional journals, to which he contributed more than 50 articles, Professor Bairam specialised in applied econometrics, a field in which he dealt with as diverse subjects as the economics of sport, government spending, production and economic growth.

Erkin came to lecture at the University of Otago in 1987. Within three years he was Associate Professor and a year later he gained a personal chair in Economics at Otago in recognition of his contribution to econometrics. At 33, he was among the youngest professors ever in New Zealand.

His publication record was one of the many major contributions he made to the development of the Department of Economics. He also served as Head of Department and on the University Research Committee.

Professor Bairam was visiting professor at Rutgers University School of Business in 1993. He secured a number of research grants within New Zealand and was also economics consultant to several companies, local and overseas.

Widely known and respected by his peers, Professor Bairam shared a warmth with students who responded well to his friendly demeanour and easy accessibility.

Current Head of the Department of Economics, Professor Dorian Owen, says Erkin's early death was deeply felt by all who knew him... "he had a great deal more to offer and we will all miss him terribly."

His long-term friend, colleague and collaborator, retired Professor John Howells, also misses him, as this personal appreciation shows:

The sudden death of Professor Erkin Bairam was a sad blow to the staff of the Economics Department and a big loss to the School of Business and the University. His contribution to teaching, research and administration was considerable. It might be argued that his efforts at times went far beyond the call of duty. His lectures, his students, research and departmental matters came first; health considerations were ranked last.

His background was an interesting international mix. He was brought up in the Turkish sector of Cyprus with a Greek mother and Turkish father who spoke no English. He attended an English-speaking school and spent his university student years in Colchester and Hull. Whilst in Dunedin, he spent all his sabbatical leaves in the United States. His Dunedin friends were his extended family, he considered New Zealand his real home and he was a naturalised New Zealander.

He often boasted he carried more passports than the number of test match wins by New Zealand cricket in a normal season. His background and stock of passports, however, were not always an advantage. He was convinced immigration officers gave him a rough time because they thought he was an international terrorist.

His life was centred totally on the university. Effectively his world extended in a straight line from Sylvan Street to the Commerce building on the corner of Union and Clyde. To go outside that line (occasionally to the top of George Street, sometimes to Carisbrook) was considered a major safari. Going to Wanaka, his favourite holiday spot, required the meticulous planning of an Everest expedition; going overseas was only possible with the full-time assistance of the departmental secretary.

A visit to the barber (very occasionally) and shopping were not pleasant social interludes but dastardly interruptions deliberately designed to upset his normal equilibrium. Every weekend, one suspects, was viewed as a plot to keep him away from the department.

Beyond work, he enjoyed the company of his local friends and put great store on their friendship. At his favourite watering hole, the Staff Club, he invariably started a conversation with 'where's Boyle?' or 'what's Glenn Turner doing these days.' He enjoyed a good argument, usually at the normal Cypriot decibel level which allows everybody within a radius of 30 metres to participate.

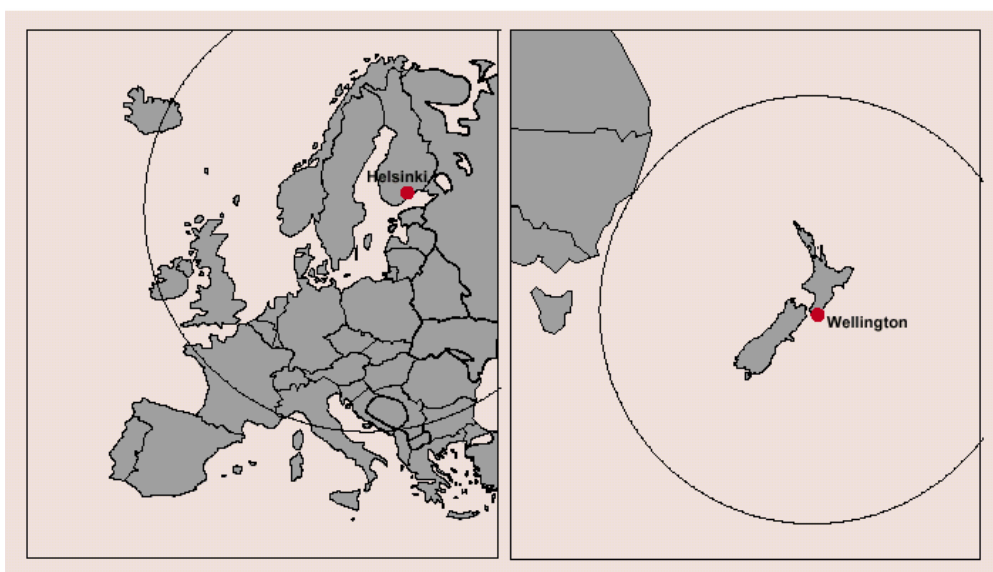
As a person, he cared about people. This was particularly the case with staff in Economics. Indeed, he found tough decisions relating to some staff rather difficult because, as he recently admitted to me, 'I love them.'

He was a small man with a big heart. His career ended much too soon. I should have explained to him what Dylan Thomas meant when he wrote:

*'Do not go gentle into that good night
Rage, rage, against the dying of the light.'*



CALL FOR PAPERS



Off the Map in the Global Economy?

**Implications of economic geography
for small and medium-size economies at peripheral locations**

AN INTERNATIONAL SYMPOSIUM

Wellington, New Zealand

November 20 and 21, 2001

SYMPOSIUM THEME

In recent years there has been renewed interest in economic geography. A central issue is the extent to which a country's geographic location, its population size and its population density affect economic structure and growth. This issue is particularly relevant for New Zealand. Has geography played an important role in the disappointing economic outcomes in terms of output growth and the balance of payments? What are the implications for policy?

Topics could include: ICT developments and "death of distance"; population size and density effects on productivity, competitiveness and growth; economies of scale and scope across New Zealand sectors; implications of globalisation for New Zealand's long-run growth; implications for firms at the micro-level (i.e. management strategies); the global city system and urban corridors in the Asia/Pacific region; implications for central Government; e-commerce and New Zealand's volume of international trade; international migration; Foreign Direct Investment in New Zealand and territorial competition between metropolitan areas.

If you wish to participate in the symposium, please contact Sue Freear (sue.freear@vuw.ac.nz). If you wish to present a paper, please contact Jacques Poot (Jacques.Poot@vuw.ac.nz) including a provisional title and abstract.

From the 2BRED File

by Grant M. Scobie (grant.scobie@treasury.govt.nz)

I start this issue with a truly Kiwi product. With Peter Gorringer's untimely death in 1999, the New Zealand profession lost a respected member and one of its most creative minds. In an effort led by Benedikte Jensen, two of Peter's former employers, the Treasury and the State Services Commission combined forces with the Institute of Policy Studies to honour his memory. The result is a fitting Festschrift which captures at least the essence of Peter's contributions: *Economics for Policy: Expanding the Boundaries*, edited by Arthur Grimes, Alan Jones, Roger Procter and Grant Scobie (Institute of Policy Studies, Wellington: 2001). Peter was a strong micro-economist with a particular interest in applying the concepts of new institutional economics to a broad suite of issues in public policy making. He brought the work of Coase, North, Demsetz and Barzel to bear on growth, health policy, industrial relations and public sector reform. Over 60 of his papers (available on the Treasury web site: <http://www.treasury.govt.nz>) were reviewed, and ten outstanding representative examples of enduring quality have been included in this volume. How fitting that Prof Oliver Williamson, a leading figure in the field of institutional economics launched this book in Wellington in March.

The total government and the allied quango industry spend the best part of 45 cents in every dollar of income generated by the private sector in New Zealand. How effectively that is spent affects the well-being of us all. Poor management, lack of incentives, muddled governance and downright waste characterised too much of what was erroneously labelled "public service" in times past. Then came October 1987, and the meetings of Palmer, Rodger, Douglas and Prebble. Taking this as his starting point, Graham Scott leads us cogently through the principles, politics, processes and lessons of the changes that followed: *Public Management in New Zealand: Lessons and Challenges* (New Zealand Business Roundtable: 2001). As the then Secretary of the Treasury and a key architect of the ensuing reforms, he was ideally placed to observe at first hand the process and outcomes of the public sector reforms. Now, with the benefit of nearly a decade of perspective he shares those insights, enriched by his subsequent experience as an international consultant on public management and his chairmanship of the Electricity Market and the Health Funding Authority. There is an old saying that there are two keys to success: doing the right thing (strategy) and doing the thing right (management). Graham Scott's book is largely concerned with documenting some of the progress we have made with the latter. I for one, hope that we might see him write a companion piece to address the former.

But that is not all – let me continue in a Kiwi vein. Brian Silverstone, of the Department of Economics at the University of Waikato, has had a longstanding interest in the life and work of A.W.H. Phillips, arguably New Zealand's most widely known economist of the last century. Brian was an editor of a festschrift in honour of the memory of Phillips, published in 1978. Brian recently drew my attention to a new volume covering the life and works of Phillips. *A.W.H. Phillips: Collected Works in Contemporary Perspective*, edited by Robert Leeson (Cambridge University Press: 2000). Seven short chapters reflecting on his life open the volume. This is followed by another seven chapters on the Phillips machine, its origins, design, workings and place in the history of computing. The remainder of the volume collects all the major works of Phillips, and a further 29 chapters by economists such as Thomas Sargent, Peter Phillips, William Baumol and Geoffrey Harcourt highlight and interpret the ongoing influence of Phillips' work. As an added bonus there are six previously unpublished essays by Phillips. This volume will stand for a long time as the authoritative work on the life and work of a fascinating, brilliant yet modest Kiwi economist.

The final item for this column was kindly contributed by Ross Cullen from Lincoln University. Let me take this opportunity to encourage other members of NZAE to draw my attention to new and interesting books, or to do as Ross has done, and write a contribution.

Geoffrey Heal (*Nature and the Marketplace*: Island Press, 1999) makes a clear case for the essential roles that nature plays in our lives, roles that are denied in most economic models. He approvingly quotes Michael Toman ... 'to value nature's services at \$30 trillion is a serious underestimate of infinity.' These services are of course often unpriced, and easily overlooked. Heal notes that humanity has so far not had to invest in maintaining the natural infrastructure of our societies, but may increasingly have to do so as our wear and tear frays the fabric. Heal makes an understated case for the innovative ways economics and finance can contribute to nature conservation. Annual payments for nature's services, and Debt for nature swaps are obvious examples of useful new instruments. *Nature and the Marketplace* vividly illustrates the huge economic payoffs that can be achieved through some investments in nature. The book is an excellent antidote for critics who believe economists are people who do the devils work.

THE CONFERENCE

Of haircuts, cold blooded murderers and the nike approach: Conference 2001 by Lesley Haines

130 economists from around New Zealand gathered on the banks of the Avon in late June to discuss capital punishment and haircuts¹, cold blooded murderers², and the Nike approach³! Yes, Conference 2001 had something for everyone - three keynote speeches, 64 papers, special interest sessions for consultants, post-grad students, and teachers of economics; as well as plenty of Chatz Bar 'networking' opportunities.

Personal highlights included:

- a neat little paper from Paul Dalziel, demonstrating that the Reserve Bank cannot be responsible for the kiwi dollar's volatility (next year, can someone tell us who is);
- Sean Bevin and Peter Conway's impassioned plea for the profession to respond to the need for training in local economic development;
- Ozer Karagedikli's presentation on changes in regional income distribution which found evidence of a growing regional divide with Wellington and Auckland, the only regions to increase their mean incomes between 1981 and 1996, and the rest of New Zealand;
- an array of papers from Lincoln on trade and environmental issues – from modelling the impacts of the EU agri-environmental policy on New Zealand trade to critiquing the Porter hypothesis;
- Heather Kirkham's lively presentation on the role of automatic stabilisers; and
- Des O'Dea's discussion of the perils of economic consultancy, which seemed, to me at least, remarkably similar to the perils of policy advisor.

According to my qualitative survey, the crowd favourite was:

- Paul Carpinter's keynote address: Regional Development: From Matai to Maturity. Did you know that back in the early '70s the Government's target was that no region should grow slower than the national average?

This was closely followed by:

- Incoming president, Caroline Saunders' after dinner non-speech on her incoming vice(s).

OUR THANKS to the conference convenor, Caroline Saunders, and her able assistants, especially Val, and to all the presenters, chairs and discussants. The venue was excellent, the food passable, the programme had something to offer everyone, and the organisation so smooth we didn't even notice it.

All papers are NOW available on the NZAE website, <http://nzae.org.nz/>.

Three emerging regular features of our annual conference are the sessions for consultants, on law and economics, and on teaching economics. The first two are described below, and there is a feature on teaching economics on p. 9. Paul Carpinter's address is summarised on p. 8.

Consultants (by Donal Curtin)

This year's "Consultants' Corner" featured Ian Duncan (NZIER) who presented a paper on his extensive experience preparing analyses of economic development initiatives (typically for territorial local authorities). The paper triggered discussion in particular on the merits or otherwise of cost/benefit and multiplier analysis. Ian was followed by two independent consultants. Des O'Dea (who specialises in the economics of health) presented a taxonomy of the role of the consultant, ranging from "slave" through "cold blooded killer" and "lone blunderer" to "deflator of unrealistic expectations". Geoff Butcher (environmental economics, typically around Resource Management Act issues) was particularly good on the economist as expert witness - noting that in litigation the economic consultant need to have "sound bite" skills that focus tightly on a small number of the key issues: more discursive styles risk losing or confusing the judge or counsel.

¹ See Rod Carr's keynote speech "Banking on Capital Punishment"

² From discussion on Consultants Corner

³ See Paul Carpinter's keynote speech "Regional Development - from Matai to Maturity"

There was good feedback from the attendees: the session seems to be meeting a need for consultants and those working as business economists more generally to share experience and pick up professional or management skills. Further development of the role of the economist as expert witness (including appearing before forums such as Select Committees) was one topic suggested for next year's session: other ideas from the membership would be welcome (send to Donal Curtin at economicznz@xtra.co.nz).

Law and Economics (by Stuart Birks)

Brendan Moyle gave a very tidy presentation on the difficulties of the getting whole world to act together. He did find widespread support by countries to ban activities in which they were not involved, but that was not necessarily the most efficient approach. On the other hand, smaller groupings of countries with common interests were observed to co-operate far more effectively.

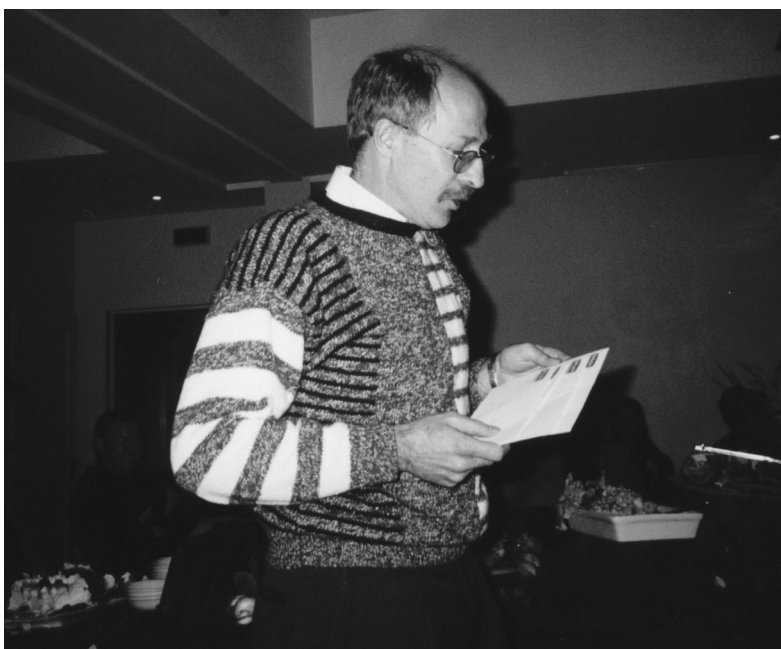
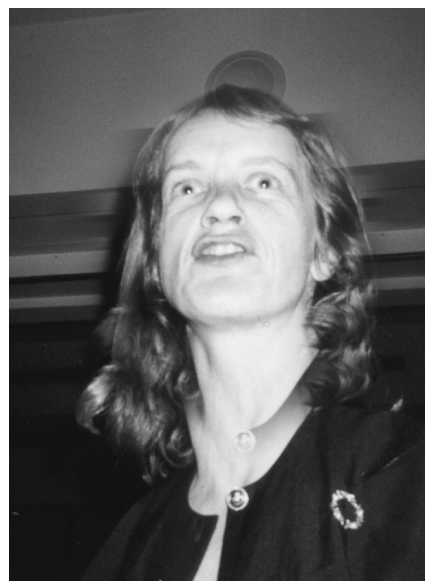
Veronica Jacobsen presented a careful analysis to demonstrate two things. No matter how much we might like to, it is practically impossible to give deserving ethnic groups property rights over knowledge and flora that have already been widely dispersed. Nor can they expect to make money from the sale of less widespread knowledge and flora if their neighbour is prepared to sell them at a lower price.

Stuart Birks then did his usual thing of criticising economists' data, their theories, and their applications, arguing that these were not the best quality inputs into lawyers' deliberations. The subtly understated subplot was that no rational society would engage people (i.e. lawyers) at \$150 plus per hour to deliberate on matters about which they are required to have no training whatsoever (i.e. economics). Given that a good lawyer should be able to argue passionately and convincingly on either side of a case, Asymmetric Information is actively seeking one of their number to justify lawyers' engagement on these matters at this very moment.

The common theme in all three presentations is that the law is significant in far more areas than simply the support of property rights so that markets can function. Law and economics is central to many areas of policy and policy application, and neither lawyers nor economists can afford to ignore each other.

...and a couple of photos

A woman Prime Minister, Governor General, Chief Justice, Attorney General, and now, to top them all, Caroline Saunders, President of the New Zealand Association of Economists.....



...and here's Frank Scrimgeour, handing out this year's awards from the NZAE Education Trust, which he chairs.

One of the most popular slots at this year's conference was a presentation by Paul Carpinter, ex CEO of the Ministry of Economic Development, of a 2001 approach to regional policy. Paul described a two-pronged approach that was taken: the conventional review of the literature and development of policy processes; and the Nike 'just doing it' approach.

The conventional approach

The conventional approach drew on the literature on economic growth and the World Bank's development report "Entering the 21st Century". Key insights were: macroeconomic stability is essential for growth; growth does not trickle down; no one policy will trigger development; and institutions matter.

Reviewing national policies and outcomes, Paul commented that whilst New Zealand has suffered a relative economic decline since 1950, we should take into account a fuller picture, as follows:

- It is quite misleading to think that NZ could have retained that high 1950 ranking. War torn Europe and Japan were bound to recover.
- PPP type indicators understate our quality of life in New Zealand, relative to most other countries.
- Agglomeration and concentration matter, and we are most unlikely to ever have them. We shouldn't forget that they also have costs in terms of congestion, pollution and crime.
- Distance matters – in fact we have performed better than distance would suggest.
- We rate highly according to the World Bank's prescription – we have a long democratic tradition, respect for the rule of law, a competent public service, and agreement on macrostability.

This work suggested the key question for regional policy might be looking for ways in which we could help offset our small scale and distance from markets.

The Nike approach

The East Cape has problems. It also has potential, in particular, a very substantial forestry resource soon to reach maturity.

Investment in wood processing will be key to reaping this potential – the question for policy advisors was why isn't it occurring?

With decisions increasingly being made by offshore owners, the region needs to make its case offshore, preferably in person. The transport infrastructure is crucial – which requires coordination between local and national authorities. Similarly, labour force and resource management issues require a co-ordinated whole of government approach.

The key learning was that governance is important, that local and central government need to be well co-ordinated, that the detail of national policy may at times need to be modified to take account of local circumstances, and that infrastructure matters. Regional policy can assist local governments to work with their key local stakeholders and relevant national authorities to develop coherent plans for their regions.

If New Zealand as a whole is really just a region, what might all this mean for national policy? Paul argued that many of the factors concerning the East Cape's relationship with the rest of the country apply to New Zealand and its relationship with the rest of the world; that infrastructure matters.

Our thanks to Paul for an interesting mix of theory and practice on a topic of very central interest to our members.

Economics: The Dismal Science.....Not!!!!

By Mary Hedges mary.hedges@aut.ac.nz and Maureen Janett maureen.janett@aut.ac.nz

It is generally agreed that traditional patterns of instruction may not be sufficient in helping students learn how to think critically and develop good interpersonal skills. Undergraduate instruction in economics has been largely a passive experience. Criticisms from both students and instructors include reference to the abstract nature of many of the models used. In response to this instructors are more frequently applying active and collaborative learning techniques to help students learn to work and think through problems together.

At Auckland University of Technology we have developed a number of interactive activities that we find improve teaching effectiveness in all of our economics courses. The paper presented at this years NZAE conference discussed just four active learning exercises: (1) Teaching the Concept of Diminishing Marginal Returns by using a kinesthetic or “hands on” focus. This activity can also be extended to derive cost curves and highlight the relationships between production and cost curves; (2) Why oligopolies are likely to collaborate or form a cartel; (3) Activities to assist understanding of both primary and secondary changes in the Money Supply which also introduce the multiplier effect, and (4) The Auction Market.

We also use interactive activities to aid the teaching of: (1) Production possibility frontiers, that allow students to discover difficulties with resource mobility. This activity can also be extended to illustrate the gains from international trade. (2) Negative externalities and possible solutions, in particular the assigning of property rights. (3) Macro modelling which illustrates the strengths and weaknesses of the traditional macro framework.

The use of activities in the classroom is time consuming. It especially takes time to develop the activities and then set them up. However, experience across a wide range of course level and student ability has demonstrated that this time spent on activities is more than compensated for by the more intuitive understanding of the underlying concepts that the students develop. Furthermore this time is won back later in the topic because far less repetition of basic ideas is required.

Different activities also lend themselves to different learning environments. Some, such as the diminishing marginal returns activity, lend themselves to full lectures of several hundred students. Others, such as the money activity, are better suited to a tutorial environment. This variation further enhances the continuity between lecture and tutorial and aids in the development in quality, reflective teaching skills among post-graduate students taking the tutorial programme.

In addition to these quantifiable benefits of interactive teaching methods there are a number of qualitative benefits. At the Auckland University of Technology there are a large number of international students, particularly from Asia. These students often come from a Confucian educational background and can find adjusting to the Cambridge method of learning a difficult transition. Language difficulties also often limit their active participation in class. The use of interactive activities such as those mentioned above can help overcome both of these difficulties.

Another qualitative benefit of using activities such as these within a business faculty includes an improvement in the profile of economics. Many of the economics courses taught at AUT are compulsory rather than optional. Since we have started using active learning tools the student perspective of economics has improved considerably. This is supported by positive comments on module and lecturer appraisal forms. Students commented that they expected economics to be hard and boring but have thoroughly enjoyed their experiences. This is also being reflected in improving enrolment numbers in optional papers that are offered.

The paper presented at the June conference concluded that active group involvement is an important key to stimulating critical thinking. Students are provided with the opportunity to explore issues and ideas under the guidance of the lecturer. They learn to process information by independent observation. This requires them to analyse what they have observed, discuss their observations with their peers. Through this process they clarify their own reasoning which enables them to identify the key concepts. This process is the basis of critical thinking. The authors also believe that by adopting some of the techniques presented in this paper, the opportunities to create positive outcomes in the classroom are greatly enhanced for both teachers and students.

For further information on the activities mentioned please contact the authors.

(The conference paper, with details of these activities, is paper no. 6 on the NZAE web page: <http://nzae.org.nz/> - ed.)

Gaps and Schisms: The Chapple Debate

“Closing the Gaps” was, and then wasn’t, a government objective, or perhaps it still is, but under another name. Simon Chapple’s criticisms received widespread attention, and a spirited criticism from Rob Alexander of Otago University. AI invited Rob Alexander to summarise his points. We also obtained a response from Simon Chapple, and interviewed John Waldon of Te Pumanawa Hauora at Massey University.

Rob Alexander, robert.alexander@stonebow.otago.ac.nz comments:

There has recently been an extensive public policy debate centred on the issue of “closing the gaps” between Maori and non-Maori. Simon Chapple’s work in this area has had enormous influence amongst politicians and the public since its appearance on the Ministry of Social Policy’s website. A version of the work has now been published in the December 2000 issue of *Political Science* but, since the electronic version has had a very widespread circulation, I will direct my comments to that version.

I credit Chapple with changing the direction of public policy. Sadly, the acceptance by many of his flawed statistical analyses has serious implications for the standard of public policy formation in New Zealand. Simon Upton (on his web site) has been the only politician or media commentator who, while welcoming Chapple’s conclusions, has had the honesty to admit that he is not competent to assess the statistical evidence:

“... it's the sort of advice to ministers one lives in hope for. Free, frank and fearless. Upton-on-line does not possess the technical skill to assess Mr Chapple's treatment of the statistical material. But he has assembled a formidable case that deserves a formidable answer - either in confirmation or refutation.”

Thankfully, some of us in academic positions do possess the technical skill to assess the treatment of the statistical material. I have publicly, in the media, including the *National Business Review* and sitting alongside Simon Chapple in the Maori Affairs Select Committee room last December, criticised his work and the attitudes of those who seize on his conclusions. I regard that criticism as fair, objective and thoroughly justified. Indeed, I regard it as part of my duties as an academic to support my University’s role as critic and conscience of society. For the record here I re-state my criticisms, in a form that any professional economist, including those who have defended Chapple’s position, ought to understand. I have given up any hope of persuading those amongst the economically uneducated with entrenched views, such as the Radio New Zealand’s reporter who described me as a “fancy academic”, but I do sincerely hope that professional economists will examine the arguments.

Chapple’s work does not contain any well-articulated economic or statistical model, but does use elementary statistical analysis in an attempt to advance its thesis. Unfortunately, there are a number of questionable statistical methods in the work that collectively invalidate many of its conclusions. I deal with each of these methods below in turn. They are:

- (1) The use of simple as opposed to multivariate regression analysis.
- (2) The misrepresentation of the nature of a statistical distribution.
- (3) The exploitation of multicollinearity in the context of stepwise regressions.

Simple and multiple regression

The “formal” statistical analysis in Chapple consists of looking at the explained variation in regressions that are certainly mis-specified by omission of relevant variables. For example, Chapple notes that regressions with the single explanatory variable Maori explain little! This sort of single variable regression fails to account for any other possible sources of individual variation. It is clear that the error made is not a casual slip, but a seriously entertained statistical method, since Chapple says “other single explanatory variables are much more powerful [than a dummy for Maori ethnicity].”

The interpretation of distributions

Chapple completely misrepresents the nature of a distribution when he says “13.4% of Maori (or non-Maori) would need to be at a different point on the distribution for the two populations to have an identical distribution of hourly earnings (all moments of the distribution the same).” The notion that the two distributions differ by only 13.4% appears to arise from the visual perception that one piece of the Maori distribution could be moved from where it is and placed elsewhere. This would make the Maori and non-Maori distributions coincide, but the only way to do that is to give selected Maori below the point of intersection of the two distributions a raise in income or conversely to cut the incomes of selected non-Maori who are above the point of intersection. The more obvious (and correct) interpretation of the two income distributions is that at every wage level below the point of intersection there are proportionately

more Maori than non-Maori, while at every wage level above there are proportionately more non-Maori than Maori.

Incidentally, this is associated with a rather obvious point that seems to elude many in both the general and academic community. For example, John Gould, in the same issue of Political Science where Chapple's piece appears makes the statement that 'there are many more Pakeha than Maori ... who are poor, unemployed, or unqualified'. This statement is as accurate as it is fatuous. The reason that it is accurate is that there are simply many more Pakeha than there are Maori. The reason it is fatuous is that it is not the absolute numbers that are of concern but whether one group, having taken its relative size into account, is disadvantaged compared to another. To turn this around the other way, not even the most naïve would compare the absolute number of Maori school leavers with qualifications with the absolute number of Pakeha school leavers with qualifications and conclude, on that basis alone, that there are a lot more Pakeha 'qualified' than Maori 'qualified'. Yet this type of reasoning is exactly what seems to be behind the government's rebranding of "closing the gaps".

Multicollinearity

Chapple employs stepwise regressions to analyse the significance of various explanatory variables. Given the extent to which the variables used in this sort of analysis are collinear it is only to be expected that the introduction of more variables into the regression will result in some earlier apparently significant variables losing statistical significance. A measure of the derision with which stepwise regression is treated by econometricians is Ken White's tongue-in-cheek deduction of points from members of the "SHAZAM frequent regressors' club" for those who perform stepwise regression. (See the back of any SHAZAM manual for details on how to get your club T-shirt!)

Having made a number of elementary statistical mistakes, Chapple claims that the "pattern of employment disparity does not support the hypothesis that racial discrimination is particularly important in explaining the current level of employment disparity or the variation of employment chances over time." However, in his tables 3 and 6 he shows evidence of gaps for the lowest levels of education and literacy. Maori are disadvantaged more than non-Maori in this case. This seems to be a reasonable counter-argument to his anti-gap thesis.

What has disturbed me most about the level of analysis in work such as that of Chapple is what it says about the level of prejudice in our community as well as the level of innumeracy and general inability even to follow let alone construct a logically consistent argument.

Simon Chapple, simon.chapple006@mosp.govt.nz, responds:

I thank Robert Alexander for his flattering account of the influence of my paper on "Maori Socio-Economic Disparity". On reflection I consider it less influential than he. But attributed albeit ill-deserved glory is less reliably favoured upon one than glory that is unattributed but deserved. I'll enjoy it while it lasts.

On to the chase. I shall briefly summarise the parts of my paper that Mr Alexander addresses and my response to his criticisms.

"Closing the Gaps" analysis takes as the central empirical measure average differences between Maori and non-Maori ethnic groups across a range of outcome variables.

Consideration only of differences in sub-group population averages and nothing else implies that between-group variance is large and in-group variance is small. Thus averages, it is implicitly asserted by omission, basically provide all the relevant information.

Part of my work directly examined the contention that membership of the Maori ethnic group was a good predictor of disadvantage. My purpose in presenting simple regressions was to use the R squared to examine the in-group variation from various binary ways of grouping the population, including by Maori and non-Maori. Since no hypotheses were being examined here except the extent of in-group variation across a range of binary groups the question of regression misspecification is simply a non-issue.

The results conclusively showed that in-ethnic group variance swamps between-ethnic group variance across several data sets and a variety of outcomes for Maori/non-Maori comparisons. And in-group variances for other binary groups are considerably smaller than they are for Maori and non-Maori ethnic groups, as evidenced by much higher explained variation.

I found this an important stylised fact that changed the way I thought about gaps issues. It suggests the following "health warning": any measure of a Maori ethnic group gap should be accompanied by information on very high in-group variances to provide a full picture. Making my point slightly differently, while on average Maori do worse (i.e. the "gap"), Maori ethnicity is not closely associated with disadvantage (i.e. there are big in-group variances, both absolutely and in comparison to other common

binary variables marking group boundaries). Stereotyping Maori as socio-economic failures and non-Maori as socio-economic successes, as gaps analysis invariably does, is highly misleading.

As for my misrepresentation of a statistical distribution, I'm reluctant not to defer to Mr Alexander's greater expertise. But I'm not clear that Mr Alexander possesses a supporting argument. I don't think that I've actually made a logical error in my conclusion that the degree of overlap between Maori and non-Maori earnings distributions is about 87% and that about 13% of either population would have to shift position to make the two distributions equal. The point I'm of course making again but in a different manner is that in-group variance swamps between-group variance in comparisons of Maori and non-Maori. Admittedly, I also don't think Mr Alexander has made a logical error in his interpretation of the same information either. But I can't understand his claim that somehow the elements of the distribution he chooses to focus on are "more correct" for examining the issues that are my stated focus, issues of in- and between-group variance.

Professor John Gould needs no defence from me regarding charges of naivety raised by Mr Alexander. But Mr Gould's points that Maori are *disproportionately* over-represented amongst the unqualified and Pakeha remain the *absolute majority* of the unqualified are *both* essential parts of a complete picture of the nature of educational disadvantage. Mr Alexander's claim that Mr Gould's second point is fatuous is somewhat harsh.

Yes, there is ad hocery in my process of stepwise additions to a regression. And alas I did show readers only one possible permutation amongst many building up to the full regressions. This lacuna was due to space constraints and limits of the reader's concentration span. If Mr Alexander is offended by my stepwise regressions, I beg his pardon. Perhaps he should simply focus his attention on the full regressions containing the complete set of variables in my paper. Readers should be aware that this multi-variate technique is one that Mr Alexander is as happy to employ as I am.

My conclusion from this agreed common approach is that being Maori typically has no statistically significant impact on earnings and employment controlling for socio-demographic variation and tested literacy (the latter being something Mr Alexander does not control for in his own recent work. However I do consider his study to be a worthwhile contribution to our growing body of knowledge in this area).

My conclusions regarding discrimination in employment was based, amongst other things, on two observations arising from a perusal of time series gaps in Maori/non-Maori employment rate gaps. The first observation was a small gap between average Maori and non-Maori employment probabilities in the mid-1980s. The second observation was that large variations in gaps over time were difficult to link to plausible variations in discrimination.

There was of course much more to my paper than the above. I urge people to read it and develop their own opinions.

AI Interviews John Waldon, J.A.Waldon@massey.ac.nz:

Asymmetric Information approached John Waldon, a research officer at Te Pumanawa Hauora, Massey University, and vice president of the Public Health Association of New Zealand, to get a Maori perspective on Simon Chapple's critique of closing the gaps.

AI: John, what's your general impression of Simon Chapple's critique?

JW: He presents the perspective of the dispassionate external observer and, by and large, he carries out this role well, but he shows little insight into Maori institutions and custom.

AI: Why is that important?

JW: Defining Maori in terms sensible to the Government has enabled the Government to count the number of people who have fulfilled ever-changing criteria. The census did not necessarily mean that the same analysis was consistent with the expectations of many Maori.

AI: So you think there is some other form of Maori identity?

JW: Chapple had an interesting perspective on this. He introduced the term 'entrepreneurs of ethnicity'. For me, this explanation provided a new way of looking at innovation and leadership, and what may have motivated Maori to advocate for change. To develop a foundation for leadership and authority, emerging Maori leaders needed to advocate for inter-connection and accountability within Maori. They had to acknowledge Maori, and demonstrate skills valued by Maori. If a leader of Maori could not articulate values shared by Maori, the leader would have great difficulty in building support and providing a collective goal meaningful to potential Maori supporters. Implicit components of a goal for Maori may include a positive view of things Maori, human relationships and implicit accountabilities, and face-to-face meetings. This could be summed up as whakawhanaungatanga.

AI: So they had to invent a Maori identity?

JW: I think Chapple goes too far. He argues that the notion of a Maori ethnic group is a recent construct arising from post war urbanisation and that Maori were not a collective entity prior to this period of change. He implies the incentive-to-move from rural kainga was motivated by more consumer choices and that this brought about the ethnic identity of Maori. Rather, new urban dwellers were required to establish new social and cultural support resources to compensate for those left behind. Perhaps this is also why Maori chose to establish urban marae where they could celebrate the institutions of the tangihanga and the powhiri. Maori have established an urban identity and exert influence to protect their hard-won urban niche in their own country. It was not so much an establishment of a previously non-existent identity, but more an adaptation and regrouping of Maori in response to their changing collective interests.

AI: But isn't it still difficult to determine who is Maori?

JW: Chapple tests the exclusivity of Maori society and culture using the notion of exogamy, marrying outside the group. He assumes that an exogamous group of people has somehow less of a claim to assistance than a more exclusive group of people. It does make targeting more difficult, but that in itself is not sufficient to justify abandoning a group perspective.

AI: What of his discussion about the limited size of any gaps?

JW: Where structural barriers exist people will be denied access to services. Maori attend less school and achieve lower rates of educational attainment and lower rates of literacy. Maori have less access to education and with low income pay relatively more for education. How long will it take for most tertiary students prepay their student loans? Whatever the answer it will take a Maori student relatively longer for the same course of study because Maori earn less than their non-Maori peers. The student loan surely has made tertiary education for many Maori less attractive.

AI: So are you saying that there are barriers to Maori wishing to access education, and that they face discrimination in terms of pay?

JW: We have to look at barriers from a broad perspective. Where the structural barriers are systematic, denying one group of people more than another, the effect will be compounded and lead to a sense of increasing disadvantage, perhaps to a sense of increasing gaps. This may be an explanation for the relationship between poor levels of literacy and education and the regional nature of unemployment in regions where Maori are less of a minority. The education system has few resources dedicated to Maori and presents another aspect of the structural barriers that disadvantage many Maori.

AI: Are you making claims about pay after adjusting for qualifications and experience?

JW: In a way yes. It seems Maori bring skills not available to their peers. In the past Maori have exercised these skills for little or no financial reward and usually in addition to a full workload. It seems they often do the Maori bit for free and in their own time. Maori service providers and advisors are now well recognised and dedicated to specific duties. This may avoid the burnout of Maori who have used skills that do not fit well into generic job descriptions.

AI: But Chapple argues that circumstances vary widely among Maori.

JW: I agree with his point that averages can be misleading. Where distributions are considered, he should also think about the sociology of the family/household/whanau unit. Accountabilities and family obligations can be important, while overlooked when using standard measures of household income. Where there are few cash earners or a lack of cash the household/family/whanau may not be able to meet social obligations and carry out cultural institutions such as the tangihanga. The resulting cultural and social dislocation may have far reaching social consequences in terms of declining cultural integrity, well being, and future social and economic support.

AI: So measurement is a real problem?

JW: Chapple assumed that what is measured reflects what is valued by Maori. This is true up to a point. I agree that life expectancy (LE) is an important concept for describing a quantity of life, but not necessarily the quality of life (a value judgment). Chapple concludes that ethnicity is a recent construct and that there are other determinants which provide better predictive power for socio-economic success or failure. Maori are a diverse population, about that there is no dispute. However, by dismissing Maori ethnicity in favour of class as the appropriate framework for analysis, Chapple ignores the factors that have enabled Maori ethnicity to emerge, be noticed, and provide some meaningful, if limited, information about some of the indigenous people of New Zealand. Moreover, the Treaty of Waitangi established a special relationship between those people (later described as Maori) and the Government. This relationship cannot be acknowledged unless Maori, as a group, are acknowledged.

AI: What, then, is your overall impression of Chapple's analysis?

JW: Chapple has provided a useful paper and generated much debate. I agree with some of Chapple's conclusions in that effective policy needs to provide strong incentives and good monitoring to ensure the desired outcome is met. To ensure that policy is effective and adequately monitored, the policy must

include processes and measures sensible to the sub-group or population who are the beneficiaries. Where these people are Maori, the measures must be sensible to Maori and take into account the diversity of Maori realities, history, and include strategies that utilise effective Maori networks and processes.

While taking a positive view of the recovery of the Maori population from the negative impact of the transfer of land assets, Chapple did not account for the effect of the rapid development of a cash-based economy. Imagine what would happen to New Zealand if our modern economy was usurped over a similar period and important assets appropriated by the new economic order. Colonisation by any other name?

In more general terms, it is important to recognise that economic analysis commonly includes implicit assumptions about the underlying broad social structure. Such assumptions may be wrong. The persuasiveness of Chapple's arguments are that they provide a compelling case of how ethnicity can be used in a manner that makes little sense to the population concerned. A little knowledge of things Maori is dangerous.

Difficulty when identifying Maori and understanding Maori issues seems to be one for people who know little of Maori culture and society. While this level of policy analysis continues, poor policy will remain a Maori problem.

'You guys really believe that?'

In *Complexity*, M Mitchell Waldrop describes economist Brian Arthur's experience at a 1987 Santa Fe combined workshop of economists and physicists:

Arrow and Anderson had asked several of the economists to give survey talks on the standard neoclassical theory. "We were fascinated by this structure," says Anderson, for whom economic theory has long been an intellectual hobby. "We wanted to learn about it."

And indeed, as the axioms and theorems and proofs marched across the overhead projection screen, the physicists could only be awestruck at their counterparts' mathematical prowess—awestruck and appalled. They had the same objection that Arthur and many other economists had been voicing from within the field for years. "They were almost too good," says one young physicist, who remembers shaking his head in disbelief. "It seemed as though they were dazzling themselves with fancy mathematics, until they really couldn't see the forest for the trees. So much time was being spent on trying to absorb the mathematics that I thought they often weren't looking at what the models were for, and what they did, and whether the underlying assumptions were any good. In a lot of cases, what was required was just some common sense. Maybe if they all had lower IQs, they'd have been making some better models."

...

[Arthur says:] "The physicists were shocked at the assumptions the economists were making—that the test was not a match against reality, but whether the assumptions were the common currency of the field. I can just see Phil Anderson, laid back with a smile on his face, saying, 'You guys really believe that?' " The economists, backed into a corner, would reply, "Yeah, but this allows us to solve these problems. If you don't make these assumptions, then you can't do anything."

And the physicists would come right back, "Yeah, but where does that get you—you're solving the wrong problem if that's not reality."

Waldrop M M (1992) *Complexity*, London: Penguin, pp.140-2

Did you know that in the early 1970s the Government of the day's regional development target was that no region should grow more slowly than the national average!

(from Paul Carpinter's conference address)

CBA decisions based on the positive NPV criterion are not acceptable if there are mutually exclusive options. More than one option may yield a positive NPV, but only one can be undertaken. Optimal solutions can only be found if all such options are considered and compared. Mutually exclusive options are commonly considered to arise in situations where there is a unique resource with alternative uses. However the problem applies generally whenever there is a scarce resource the price of which does not reflect that scarcity. In other words, resource allocation is not based entirely on price. There is some non-price rationing mechanism operating. This raises an interesting issue.

Scarcity is measured through comparison of supply and demand. Demand is based on available options. Cost-benefit analyses frequently relate to the supply of goods or services for which demand is expressed collectively through some centralized mechanism, as with government-funded projects. This serves as a rationing process by limiting the options considered.

If asked, people may be willing to support a project, but they may be reluctant to support 100 projects. The outcome therefore depends on the options considered. Alternatively, if a range of options is considered with different people being asked about each option, responses could be incorrectly based on the ceteris paribus assumption that the only possible change is the project about which a person is being asked. This differs from observations of consumer choice, where the same range of options can be available for everyone.

So problems can arise if preferences are sought in situations where some options are concealed. We should therefore consider what determines the range of options presented. There are issues both in the operation of markets and in public sector decisions. Why are certain products offered and others not? How are options selected for consideration?

Options in a market, such as the range of goods and services on offer, commonly arise as a result of innovation and diffusion. They are influenced by such things as incentives for research and development, patent legislation, tax structures, availability of entrepreneurs and their access to capital, and the open-ness of consumers to new choices. These are not considerations to be overlooked, but many of them are some distance removed from individual evaluations and so could possibly be disregarded in those evaluations. We should not generalize too much to say that the availability of options need not concern us when considering cost-benefit studies for private sector decisions. We could be concerned, for example, with some production decisions, such as the location of a new plant, and possibly the availability of goods through trade, which is influenced by government policy. Innovation can also be constrained or guided by prevailing paradigms.

Options in the public sector are determined far more by the political and bureaucratic process. In these situations it may be inappropriate to consider that a cost-benefit analysis is objective. The choice of options for consideration can be an important part of the overall policy-selection process, and the results of a CBA may be determined by the initial selection of options. Option selection therefore merits close attention.

The 2001 Economics Society of Australia Conference

will be held at the University of Western Australia, Perth

September 24th and September 27th 2001.

More details will be available as they are released at:

<http://www.cbs.curtin.edu.au/ef/esa/conferences.htm>

research in progress...

Continuing our series on the research projects currently underway in Economics Departments and Economics Research Units throughout New Zealand, in this issue we profile the research currently being undertaken by economists at the University of Canterbury. The objective of this section is to share information about research interests and ideas **before** publication or dissemination - each person was invited to provide details only of research that is **new** or **in progress**.

... economic research at the University of Canterbury as at July 2001.

Prepared by Philip Gunby [p.gunby@econ.canterbury.ac.nz]

Jeremy Clark's research interests include:

- environmental economics;
- experimental economics;
- public goods;
- fairness and other-regarding preferences;
- addiction.

Jeremy has two projects under way with Richie Poulton and Barrie Milne. The first project involves an empirical study of life expectations and the starting up of cigarette smoking and hazardous drinking among NZ teenagers. This project models the link between expectations of future happiness and the attraction of current hazardous consumption versus investment in future consumption, and then tests the model using data from the Dunedin Multidisciplinary Health and Development Study. The second project is an empirical study of life expectations and investment in physical health among adolescents in NZ, also using the Dunedin Multidisciplinary Health and Development Study. His third project, joint with Lana Friesen and Andrew Muller, comprises an experimental test of two conditional audit mechanisms proposed for inducing compliance with tax or environmental regulations. They compare the inspection rate required under simple random auditing with two mechanisms that use the results of current audits to decide whom to audit in the future. Jeremy's fourth project, joint with Lana Friesen, consists of experimentally testing the effect of relative disadvantage on subjective expectations of success, and subsequent investment in skills contributing to success. Jeremy can be contacted at J.Clark@econ.canterbury.ac.nz.

John Fountain's research interests include:

- health economics;
- experimental economics;
- public choice;
- Bayesian statistical decision theory.

John's current research involves the development of incentive compatible scoring rules for belief elicitation, and modelling of bounded rationality in strategic games and optimal choice under uncertainty using De Finetti's Fundamental Theorem of Prevision. The results from these two research programmes are being used to inform four more projects: the use and assessment of Dirichlet mixture multinomials to model uncertainty in breast cancer screening programmes; the design and assessment of user-friendly belief elicitation methods in experimental economics (with Lisa Rustrom); scoring rule assessments of predictive theories in experimental economics; and the informational efficiency of sports betting markets. John can be contacted at J.Fountain@econ.canterbury.ac.nz.

Alfred Guender's research interests include:

- macroeconomics;
- monetary economics;
- monetary policy in small open economies.

Alfred is currently working on three projects. His first project involves determining the features of optimal monetary policy in small open economies, as well as examining the suitability of using MCIs as indicator variables or operating targets in the conduct of monetary policy in such a setting. Another project investigates why central banks of small open economies have tended to opt for inflation targets defined in terms of an overall price level such as the CPI. Alfred's third project explores whether or not the attractive stabilizing features of CPI level targeting relative to other monetary policy rules in the IS-LM-AS model carry over to this framework where the target variable is CPI inflation. Alfred can be contacted at A.Guender@econ.canterbury.ac.nz.

Philip Gunby's research interests include:

- industrial organisation;
- information economics;

- technological change;
- the economics of standards.

Philip has two projects under way with Robin Cowan, Emanuelle Fauchart, and Dominique Foray. Both projects involve studying the economics of learning from disasters as part of the Centre National de la Recherche Scientifique research programme on Crises Technologiques. He is also working on a project, joint with Alan Woodfield, examining the economics of asymmetric information in the provision of education, with a particular focus on the economic effects of the Tomorrow's School reforms in NZ. Two further projects on which Philip is working involve analysing the adoption of standards, and studying the economics of quality assurance standards. Philip can be contacted at P.Gunby@econ.canterbury.ac.nz.

Seamus Hogan's research interests include:

- welfare economics;
- health economics – in particular, the impact of ageing on the health system;
- monetary policy.

Seamus is currently working on two projects using Canadian health data. The first analyses the extent to which health-service utilisation increases in the last year of a person's life; the second addresses whether self-assessed health is a useful measure of the health of a population. Seamus can be contacted at S.Hogan@econ.canterbury.ac.nz.

Philip Meguire's research interests include:

- the effect of public superannuation, if any, on savings, capital formation, and economic growth;
- Ricardian equivalence and the economic effects of fiscal policy;
- seasonality and weekend effects in bond markets;
- alternative strategies for testing for common factors in models using time series data;
- taxation reform.

Philip's current research projects include the effects of superannuation in the USA, from which a paper has recently been accepted at *Empirical Economics*, as well as an empirical investigation of fiscal policy and Ricardian

equivalence for the United States. Philip can be contacted at P.Meguire@econ.canterbury.ac.nz.

Laura Meriluoto's research interests include:

- industrial organization;
- network economics.

Laura is currently developing an alternative approach to modelling demand in communication networks which she is using to study the structure of these networks. She is also using this modelling framework to analyse the general nature of externalities in communication networks, and the implications these externalities have for pricing, efficient subsidization, and the entry of competitive carriers. Two other research projects Laura has under way include a study of the regulatory regime governing the NZ telecommunications industry, especially NZ's treatment of interconnection pricing, and a study of how exclusive dealing can be used to defend already established market power. Laura can be contacted at L.Meriluoto@econ.canterbury.ac.nz.

Alan Woodfield's research interests include:

- law and economics;
- industrial organization and regulation;
- information economics.

One project on which Alan is currently working consists of analysing pharmaceutical pricing decisions under reference pricing; an example of which has been a recently published article examining the markets for statins and ACE inhibitors in NZ. Two other projects include studying the augmentation of ex post liability in NZ's Health and Safety in Employment Act with ex ante regulation when Court errors are present, and investigating the Coase Theorem and side agreements in the resource management process in NZ. Alan also has a research programme examining the effects of asymmetric information on the operation of markets which has resulted in a recently published article in which the efficacy of mechanisms designed to get academics to reveal their contributions to joint research is examined. As part of this research agenda, he is working on a project, joint with Philip Gunby, examining the economics of asymmetric information in the provision of education, with a particular focus on the economic effects of the Tomorrow's School reforms in NZ. Alan can be contacted at A.Woodfield@econ.canterbury.ac.nz

...about NZAE

The New Zealand Association of Economists aims to promote research, collaboration and discussion among professional economists in New Zealand. Membership is open to those with a background or interest in economics or commerce or business or management, and who share the objectives of the Association. Members automatically receive copies of New Zealand Economic Papers, Association newsletters, as well as benefiting from discounted fees for Association events such as conferences.

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If you would like more information about the NZAE, or would like to apply for membership, please contact:

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The new NZAE Council

Following the AGM, John Yeabsley is now Immediate Past President, Caroline Saunders is the new President, Weshah Razzak is Vice President, Tim Hazeldine is on the Council as Editor of the Economic Papers, there are two new members, Grant Scobie and Paul Dalziel. Continuing members are Frank Scrimgeour, Stuart Birks, Donal Curtin, Donna Petry and Hans Engelbrecht. Lesley Haines, whose contribution to the Association has been extremely valuable, has retired from the Council.

W*elcome!* to the following people who have recently joined NZAE...

Anita Wreford (Lincoln University); **Peter Mawson** (The Treasury); **Geoffrey Lewis** (The Treasury); **John Schischka** (Christchurch Polytechnic Institute of Technology); **Selim Cagatay** (Lincoln University); **Simon Hope** (Ministry of Social Policy); **Dean Ford** (Reserve Bank); **James Twaddle** (Reserve Bank); **Tim Hampton** (Reserve Bank); **Janet Humphris** (Department of Labour); **Maria Gobbi** (Department of Labour); **Salahaddin Caco**; **Rochelle Barrow** (Statistics NZ); **Gordon Halsey** (Central Institute of Technology); **Amir Pirich** (Ministry of Economic Development); **Lauren Rosborough** (Reserve Bank); **Mark Vink** (The Treasury); **Stefan Dunatov**; **Aagbenyegah Benjamin** (Lincoln University); **Chitrani Wijegunawardane** (Lincoln University); **Dean Scrimgeour** (Reserve Bank); **James Obben** (Massey University); **Guy Beatson** (Ministry of Economic Development); **Joe Wallis** (University of Otago); **Matthew Hodge** (Ministry of Economic Development); **Mary Hedges** (Auckland University of Technology); **Shane Vuletich** (McDermott Fairgray); **John MacCormick** (Ministry of Education)

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