

# ASymmetric information

A newsletter to promote the exchange of information, news and ideas  
among members of the  
New Zealand Association of Economists (Inc).

## CONTENTS

	page
<b>Guest Editorial: The Importance of Economic Research</b> by Paul Dalziel	2
<b>NZAE's new Administrator: Val Browning</b>	3
<b>Comment</b>	3
<b>Web-sites</b> for economists: Sarah Box	4
<b>Profiles</b>	
1999 NZAE/Treasury Maori scholarship winners	5
Photos from the 1999 conference	6
Anton Meister awarded Royal Society medal	8
<b>Research in progress...</b> ...by economists at Massey University	9
<b>Professional development</b>	12
<b>Obituary: Peter Gorringe</b> by George Barker	13
<b>NZAE</b> membership info. and Council news	14

NZAE invites your contributions to any section of *Asymmetric Information*, and/or your comments and suggestions. Enquiries about this or previous issues should be directed to Nancy Devlin [ndevlin@commerce.otago.ac.nz]. From August 1999, enquiries and contributed articles should be sent to Stuart Birks and Gary Burman [K.S. Birks@massey.ac.nz].

# The Importance of Economic Research

## GUEST EDITORIAL

One of the very influential figures in the development of academic economics in New Zealand has died, aged 83, on 8 December last year. Professor Colin Simkin was educated at Otago, was lecturer and then senior lecturer at Canterbury between 1939 and 1945, and was Professor at Auckland from 1946 to 1969. Simkin then moved across the Tasman to take up a Chair of Economics at the University of Sydney, a position he held until his 1980 retirement.

Colin Simkin played a particularly important role in developing theoretical economic research at both Canterbury and Auckland. At Canterbury, there was little expectation that academic staff would be involved in original research beyond basic scholarship before 1946. The charge for reform was led by Karl Popper (lecturer in Philosophy at Canterbury from 1937 to 1945) aided by a small group of colleagues, including Simkin. Their activities laid the foundation for the expansion in research opportunities that took place in the decade after the war.

Soon after his move to Auckland, Simkin received a Rockefeller Foundation fellowship to spend two years at Nuffield College in Oxford. There he completed his PhD, published in 1951 as *The Instability of a Dependent Economy: Economic Fluctuations in New Zealand 1840-1914*. Simkin also came into close contact with John Hicks (a Fellow at Nuffield College) and his book *Value and Capital*, whose second edition appeared in 1946.

Building on this experience, Simkin built up a department that in Keith Sinclair's words had "the reputation of being fairly severely mathematical and theoretical, scorning 'political economy' as mere journalism". Simkin was also responsible for recruiting Bert Brownlie to New Zealand, who later became Professor at Canterbury in 1965 where he played a large role in enhancing the mathematical and theoretical orientation of that department until his appointment as Vice-Chancellor in 1976 (retiring just last year).

Colin Simkin's career in New Zealand, and his important role in the development of research opportunities and the introduction of modern theoretical methods in economics at Auckland and Canterbury, come to mind because the issue

of research in economics is again being discussed by policymakers in two different contexts.

Late last year, Professor Ian Pool and Jeff Honey published a report on *The Scientific Workforce: Implications for New Zealand's Future Science Infrastructure* (D.P. 28, Population Studies Centre, University of Waikato). Analysing 1996 census data, they found that not only do we economists tend to be much younger than average (75 per cent under 40 years of age compared to 56 per cent for all scientific and professional occupations), but we also "have a significantly lower proportion with higher degrees [Masters and PhD], particularly at younger ages, than do other social scientists" (p. 12). The implication is that professional economists appear not to require the same level of research training as is expected of other social scientists.

Second, the Tertiary Education Review foreshadows a major reform of the way education-related research is to be funded. Currently, universities receive funding from Vote: Education that is intended to include some provision for teachers in degree programmes to be involved in research. There is little accountability for how this money is actually spent, however, and policymakers are looking for mechanisms to correct this problem.

Broadly speaking, two options are being widely discussed. The first would involve academics individually or in teams applying for contestable research funds to undertake particular projects judged to be valuable according to some criteria, administered perhaps by FoRST. This can be thought of as something like the American system.

A second option would rank the research record or potential of all tertiary institutions (perhaps on a department by department basis), and then allocate the available funds by a formula that would reward the most productive. Professor Bairam's rankings of economics groups in the 1996 volume of NZEP, for example, or its recent update by John Gibson, might be used to allocate extra research funding for some while others would have higher individual teaching loads. This can be thought of as something like the British system.

In both cases, those who do not satisfy centrally-determined criteria to a certain standard will have

limited, if any, research opportunities. The rule that all academics must engage in research publications to be eligible for promotion may be replaced by a system under which some academics will be expected to specialise in teaching.

•In my view, the relative lack of research degrees among professional economists and proposals to allow university students to be taught by academics not engaged in research themselves both point to a national loss of confidence in the value of economics research.

Perhaps this is because so much of our economic theory is (and always will be) imported from

overseas institutions. Nevertheless, one of the lessons from our decade of reforms is surely that New Zealand faces specific economic challenges that require data collection and analysis by local people trained in the research skills of hypothesis formation and testing.

In his last book, Popper's Views on Natural and Social Science (Leiden: E.J. Brill, 1993), Colin Simkin emphasised the importance of addressing "practical social problems in a scientific way". As we discuss the role of research in the work of academic economists and in the training of their students, we should not undervalue this fundamental point.

by Paul Dalziel, Canterbury University

We invite members to submit a brief article on any issue of interest to NZAE members. 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.

## Introducing NZAE's new administrator....

### Val Browning

Those of you who attended the recent NZAE conference in Rotorua will already have had the pleasure of meeting Val Browning, who recently took up the newly-created position of NZAE Administrator. Val has successfully operated her business, Brownings Secretarial Services, in Wellington for 38 years. In addition to her new role in NZAE, Val is also the administrator for a range of other organisations, including the NZ Strategic Management Society (Wellington), and the Chartered Institute of Management Accountants NZ. A self-confessed workaholic, all this is combined with being a Justice of the Peace and spending time with her three grandchildren.

"From my office at 116 Cuba Mall, Wellington, I will manage most of the administration of NZAE and will be the central point of contact for prospective members and NZAE activity in NZ. I am delighted to be associated with NZAE, and I really look forward to meeting with members and would welcome them calling into the office to introduce themselves".



## comment

My pen from the (NZAE 1999) conference pack proclaims the NZAE as "promoting the profession of economists in New Zealand". Are we a profession if we have no accreditation, no code of conduct, no standardised practices or mechanism for establishing these, and no disciplinary procedures? Do we want to be a profession? •

**Stuart Birks**  
e-mail: K.S.Birks@massey.ac.nz

# web-sites

for economists

Cast your mind back a few months and you may remember reading about some Australian Government websites, and the UK Treasury website, in this newsletter. Well, part two of our journey takes us to North America.

Onwards to the United States Treasury at <http://www.ustreas.gov>. Just like in the movie "Enemy of the State", usage of this site is "monitored and audited and usage of the site constitutes consent to such monitoring and auditing". Once past this terse introduction, prepare to be a little confused. The US Treasury has a large number of Departmental Offices and Bureaus. The departments are responsible for the formulation of policy while the bureaus carry out specific operations, such as printing greenbacks! I hopped onto the page for Treasury Offices and had a look at what I thought would be the interesting ones: Domestic Finance, Economic Policy, International Affairs and Tax Policy. Unfortunately though, none of them had links to any publications. The Office of Public Affairs did have a link to Treasury Reports, which contained such papers as "The economic costs of smoking in the US".

Quite frankly this site is a bit of a nightmare to navigate. Last year I was also roaming the site looking for ideas on presenting the Treasury Working Paper series, and found two publication series that I couldn't find this time. One was the Treasury Bulletin, a quarterly publication containing reports and narrative on Treasury issues, and a Research Paper Series infrequent, pay to get but more policy oriented papers. These publications were obviously well hidden this time, and I wish you good luck if you want to find them!

Out of the maze of the US site and up to the Canadian Treasury Board at <http://www.tbs-sct.gc.ca>. If you once learnt French and wish to see how much you remember you can view the site in French, however, I chose English. This is a well-organised site with a button for Policies and Publications. Under this are various options, most

contained policy documents but there were a few interesting looking papers. For instance, there is material on building an efficient, streamlined and more responsive public service, a report on regulatory impact analysis, material on frameworks for reviewing policies and evaluating pilots, and reports on innovation in the public sector (such as advertising procurement opportunities online). There is even a report on "Employee Take-over Policy" (sounds good!!), which relates to a movement from public sector delivery to private sector delivery of programs. And this site did not warn me that my every move was being watched, which made for a far friendlier encounter!

My final site search was of the Canadian Department of Finance at <http://www.fin.gc.ca>. These are the people that formulate economic and fiscal advice, social policy, tax policy, and international trade and finance advice. And conveniently, as of 1 February 1999, all Finance Canada publications became free on the net. The publications are sorted by year, and there are also "related non-departmental publications". Among the publications available are Budget details, material on tax incentives, fiscal transfers and business taxation, and economic and fiscal updates. Under the SiteMap there are also publications dotted about, with such topics as sustainable development strategy, APEC, retirement income systems, and replacing GST. Many other government departments and agencies can be accessed through the Federal Organisations button under HotLinks - no doubt some interesting material can be found there also.

Well, that's it from me. But as a diligent (!) Treasury official I would be remiss if I didn't remind you of the NZ Treasury website, where you will find the Treasury Working Paper series at <http://www.treasury.govt.nz/workingpapers>. A new set of papers went on in June, so if you haven't had a look already, I recommend you do!

web-site review by Sarah Box  
[sarah.box@treasury.govt.nz](mailto:sarah.box@treasury.govt.nz)

## NZAE/treasury Scholarship for Maori Students

NZAE congratulates **Preston Davies** and **Te Rawhina Robbie Ralph McDowell**, both students at Auckland University, who were each awarded a 1999 NZAE scholarship for Maori students. The objective of this scholarship is to enable a Maori student, who has shown ability in economics, to pursue further study of economics in New Zealand. The Scholarship is administered through the New Zealand Vice-Chancellors Committee. Applications are welcome from students who are continuing their study of economics, are permanent residents of New Zealand and are of Maori descent. The deadline for applications for the 2000 scholarship is October 1st, 1999. Application forms are available from the Scholarships officer at any University, or from the Scholarships Officer of the NZ Vice Chancellors Committee (PO Box 11-915, Wellington; e-mail: schols@nzvcc.ac.nz).

"My full name is Preston Arthur Tamahou Davies and I am of Tuhoë descent (Ngati-Koura/Whanau Pani hapu). I am currently in the final year of BCom(Hons) at Auckland majoring in Economics. I enrolled at uni in 1996 after working in the insurance industry and also periods in Australia where I pursued Rugby League interests.

I chose to study economics after finding 1st year economics actually interesting and relevant to the "real world." I appreciated the pervasiveness of economics and quietly wondered why it remained so esoteric. Everything was "guns and butter" yet economic thought and the real-world seemed to go hand-in-hand. I was to later learn that that naive thought was misplaced and in fact the real world is just an abstraction from an economic model! Notwithstanding the intellectual base and rigour provided by the underlying theory, I prefer the meat 'n' veg policy application of economics.

My main career goal is to actually do something that makes a difference to mine and others lives. I would also like to try to make economic reasoning and thought more accessible to non-specialists. The opportunity to be paid truckloads of money for doing so would not disappoint either.

My main interests outside of uni are with sporting organisations and mainly Rugby League and outrigger canoeing."



caption: Preston (on the right, with his shirt on) with the 'Hawaiian Paddling Legend' Jim Foti, at the World Outrigger Sprint titles in Fiji last year

# photos from the 1999 NZAE conference



THE COUNCIL - rear (from left): Stuart Birks, Donal Curtin, Donna Petry, John Yeabsley (President)  
front (from left): Val Browning (Administrator), Dawn Gorman (Treasurer), Lesley Haines  
absent: Caroline Saunders (Vice President), Tim Hazledine, Hans Juergen Engelbrecht, Geoff Mason, Weshah Razzak



Audrey Teasdale receives the Jan Whitwell First Presenter's Prize



Donna Petry



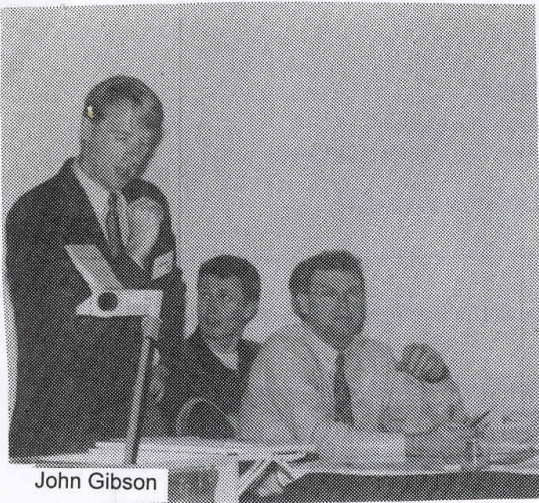
from left: Robin Harrison, Linda Cameron



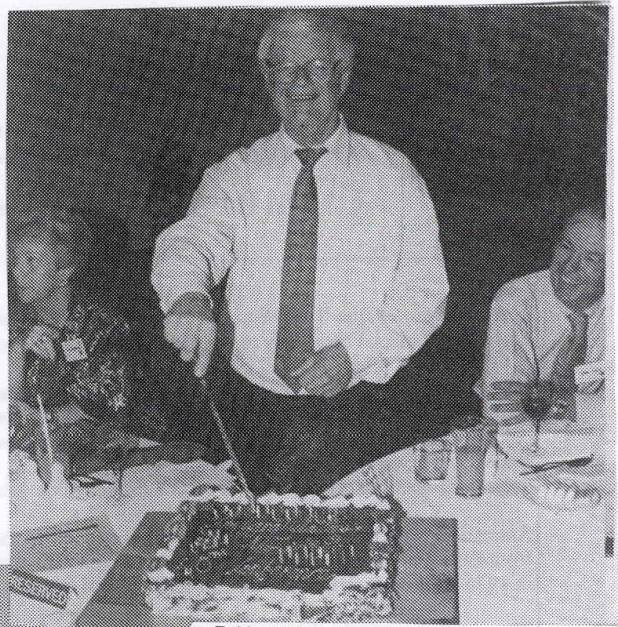
from left: Des O'Dea, Linda Wannan-Edgar and Susan St John



from left: Lesley Haines and Stuart Birks



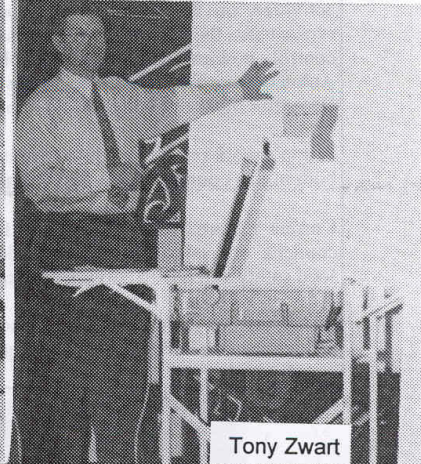
John Gibson



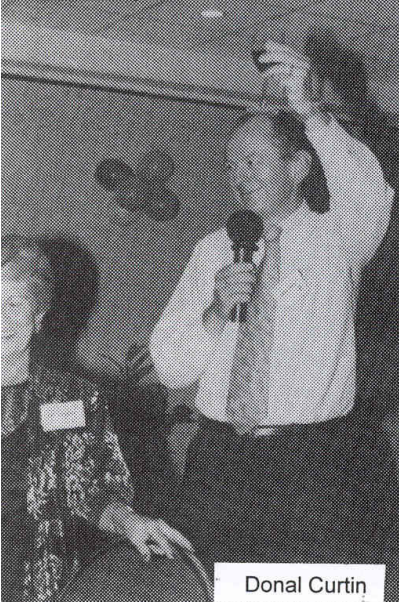
Robin Johnson, the oldest NZAE member present, cuts the 40<sup>th</sup> Anniversary cake



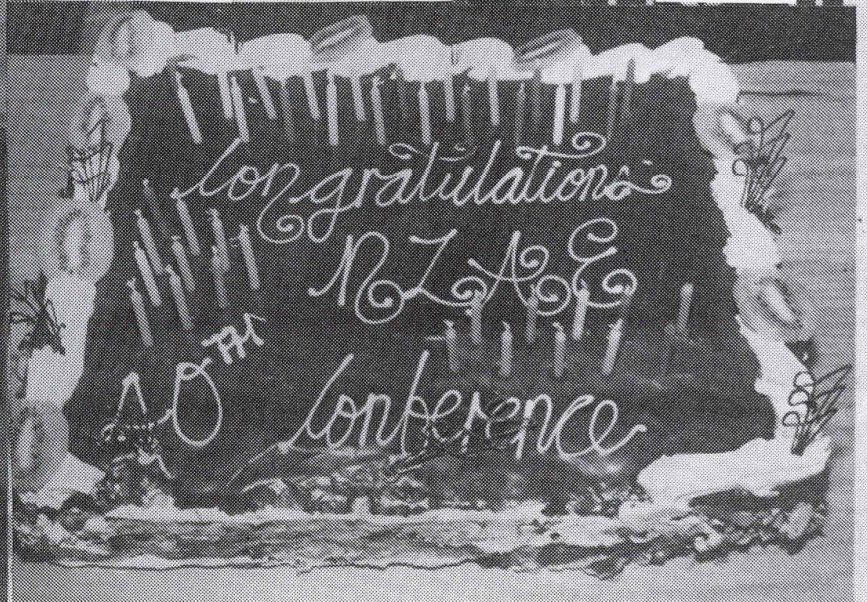
Steven Kates (left) and friends



Tony Zwart



Donal Curtin



# Anton Meister

Professor, Resource and Environmental Economics,  
Department of Applied and International Economics, Massey University

## to be awarded a Royal Society medal.

Later this month, the Royal Society will confer a New Zealand Science and Technology Medal in Bronze to Anton Meister at a special ceremony to be held at Massey University.

The Official Citation for this Medal states it is being awarded “For significant long term contributions to resource and environmental economics within New Zealand and internationally; using his skills as a teacher and communicator. He has worked successfully at the interface of science and economics to raise awareness among students, the wider public, and resource managers, of the role that economic tools and concepts can play in the decisions regarding our natural resources and the environment”.

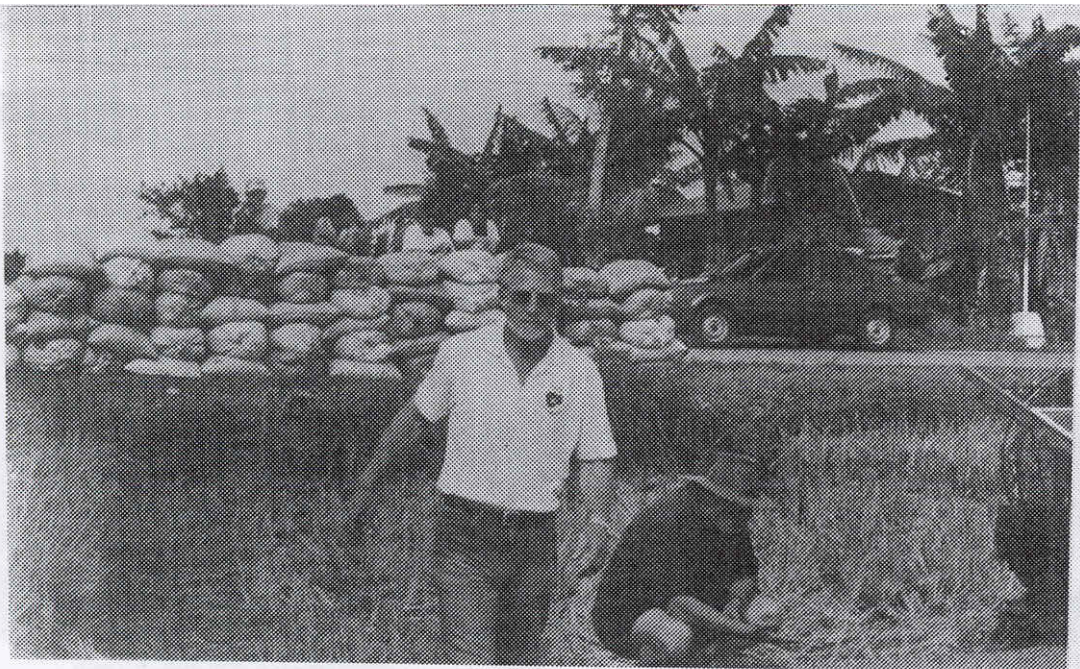
Anton arrived in New Zealand in 1963 and obtained his undergraduate and Masters degree in agricultural economics from Lincoln University. He went on to obtain a PhD from Iowa State University, before returning to this country in 1976 to develop the programme in resource and environmental economics at Massey University.

Through his research and teaching he has showed that there can be symbiosis between science and economics. Examples of this includes his work on measuring the true economic costs and benefits of policies and economic activities, on the valuation of peoples’ preferences for a cleaner environment and the preservation of natural ecosystems, the economics of rural subdivisions, forestry versus agriculture conflicts, benefits assessment, pollution control, possum control, sustainable land management and preservation benefits. “The Listener” once wrote of Anton, “Environmentalists have to swallow their Puritanism and climb in bed with Economists. That is the view of Dr Anton Meister and he should know because he is the result of that type of coupling” (3/8/86).

Anton’s work has included a wide range of advisory roles in resource management at both the micro and macro level, both in this country and in the Philippines, Cambodia, the Middle East, Kenya, Kuwait and Indonesia.

Current research interests include: farmers’ beliefs and attitudes towards sustainable land management; regional councils’ understanding of sustainable management and the ways and means to achieve this; and environmental and food safety and health compliance costs resulting from existing and new regulations.

In all this, it is Anton’s understanding of the scientific issues and his ability to incorporate the science and the economics that has earned him recognition by the Royal Society. •



*caption: Anton Meister in the Philippines.*



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# research in progress...

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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 **Massey University**. 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**.

## ... at Massey University, as at June 1999.

(PN=Palmerston North Campus, ALB=Albany Campus).

**Name:** Robert Alexander, PN [R.R.Alexander@massey.ac.nz] **Research interests:** Wildlife economics; economics of biodiversity and ecosystem conservation; bioeconomics.

**Research currently in progress:**

**Title:** "Bioeconomic investigations of species extinction". **Aim & method:** Bioeconomic models are being developed to highlight the economic factors that influence the fate of endangered species, with emphasis on the role of non-consumptive values as a key component of species' survival. Early work has demonstrated that, in many cases, some existence value must be appropriated to the resource in order for extinction to be avoided. Current efforts are aimed at quantifying those values and exploring the institutional incentives that support the anthropocentric causes of extinction.

**Name:** James Alvey, PN [J.E.Alvey@massey.ac.nz] **Research interests:** History of economic thought.

**Research currently in progress:**

**1) Title:** "A new Adam Smith problem: The teleological basis of commercial society". **Aim:** To investigate Smith's views on teleology in the context of his views of the nature of commercial society and the path of world history. Optimistic and pessimistic aspects of his analysis of commercial society are highlighted and contrasted. **Method:** Textual analysis of Smith's published and unpublished writings.

**2) Title:** "Enrolments in economics studies in NZ universities" (with Leanne Smith, PN). **Aim:** To ascertain major developments and trends in economics enrolments in NZ universities. **Method:** Survey of heads of economics departments in NZ universities.

**Name:** Tony J. Banks, PN [T.J.Banks@massey.ac.nz] **Research interests:** International rural development; development project appraisal/management; New Institutional Economics.

**Research currently in progress:**

**Title:** "Institutional change in pastoral Xinjiang, China" (with J. Swift, University of Sussex). **Aim:** To explain different patterns of land tenure and herding arrangements that have emerged in pastoral Xinjiang since de-collectivisation. **Hypothesis:** Within the scope of institutional choice, as defined by political factors, households select institutional arrangements so as to maximize net economic benefit. **Method:** A case study approach, involving three villages and household interviews with 30% random sample in each village. Both quantitative and qualitative data analysis methods are being used.

**Name:** Stuart Birks, PN [K.S.Birks@massey.ac.nz] and Gary Buurman, PN [G.B.Buurman@massey.ac.nz]

**Research interests:** Policy assessment in the areas of health, education, law, gender, and social policy. Issues of policy formulation, background research, monitoring and evaluation.

**Research currently in progress:**

**1) Title:** "Fathers and fathering: A cross-disciplinary project". **Aim:** To raise the level of debate and improve policies. **Method:** A range of methods are being used.

**2) Title:** "Law and economics: Considering the efficiency and suitability of legal systems". **Aim:** To place legal processes in the context of wider social objectives, and evaluate their effective-ness. **Method:** Using economic methodology to consider the law as providing a service.

**3) Other projects:** The international sale of tertiary education, competition between schools, and the gender wage gap.

**Name:** Neil Campbell, PN [N.A.Campbell@massey.ac.nz]

**Research interests:** Microeconomics; industrial organization; trade policy.

**Research currently in progress:**

**Title:** "Training and technological transfers" (with Neil Vousden, Australian National University).

**Aim:** To consider whether the government of a developing country can improve domestic welfare by subsidizing a multinational corporation to train local workers in the techniques needed to produce a particular type of good. **Method:** A two-period model.

**Name:** Sue Cassells, PN [S.M.Cassells@massey.ac.nz] **Research interests:** Natural resource and environmental economics.

**Research currently in progress:**

**Title:** "Compliance costs of environmental regulations and NZ's trade competitiveness in the NZ dairy sector". **Aim:** To examine the impact of the costs of environmental policy to the dairy farmer. **Method:** The costs imposed on dairy farmers to adopt a land-based disposal system for dairy shed effluent is being estimated. To examine any possible effect on trade competitiveness, an applied general equilibrium approach is adopted, utilising the GTAP model.

**Name:** Srikanta Chatterjee, PN [S.Chatterjee@massey.ac.nz]

**Research interests:** International trade and finance; applied demand analysis; income distribution; Asia-Pacific economies; the NZ economy.

**Research currently in progress:**

**1) Title:** "The ethnic dimension of income inequality in NZ" (with N. Podder, University of New South Wales). **Aim:** To estimate the economic distance and income mobility within and between the different ethnic groups making up NZ's population over the period 1984-96. **Method:** A new method of decomposition of the Gini coefficient by subgroups of population is to be used to estimate the within-group and between-group inequalities in the distribution of income over time. Study uses Unit record data from the Household Economic Surveys of Statistics New Zealand.

**2) Title:** "A closer look at the Australia-NZ Closer Economic Relations" (with M.A.B. Siddique, University of Western Australia). **Aim:** To examine the pattern of trade between Australia and NZ, and between each and some selected third countries/country groups since 1984. **Method:** Analysis of the commodity composition of imports and exports of Australia and NZ, and changes thereto over time. Using the concept of revealed comparative advantage, we compute the changing patterns of competitiveness of the two countries' tradable goods vis-a-vis each other and in other markets where they compete.

**Name:** Rolf D. Cremer, PN [R.D.Cremer@massey.ac.nz] **Research interests:** Cultural, linguistic, and international relations influences on economic activity; economics of education; APEC.

**Research currently in progress:**

**Title:** "The economics of international sister city relationships" (with G. Forth, Deakin University). **Aim:** To explore the economic rationale and potential of international relations at the sub-national level. **Hypothesis:** The establishment of non-economic international linkages at the local grass-roots level is conducive to local and regional economic development in Australasia. **Method:** Statistical analysis and case studies.

**Name:** Anne M. de Bruin, ALB [A.M.DeBruin@massey.ac.nz] **Research interests:** The labour market; the role of the state in a global age; economics and culture.

**Research currently in progress:**

**1) Title:** "Community employment creation". **Aim:** To draw out strategies for community initiated, 'bottom-up' development and employment creation for labour market disadvantaged communities in NZ. **Hypothesis:** Employment creation at the community level requires a partnership approach. **Method:** Local level analysis. Formative evaluation of selected initiatives.

**2) Title:** "Women in the informal economy" (with Ann Dupuis). **Aim:** To identify key factors shaping women's involvement in the informal economy. To provide insights into the informal sector in NZ. Stage one of the project focuses on street commerce activity. **Hypothesis:** Work in the informal economy offers women a range of opportunities outside the formal sector but acts as a barrier to further career development. **Method:** In-depth interviews. Application of transaction costs analysis to women working in street commerce.

**Name:** Hans-Juergen Engelbrecht, PN [H.Engelbrecht@massey.ac.nz] **Research interests:** Growth theory and empirics; knowledge

spillovers; the information and knowledge-based economy; macroeconomics.

**Research currently in progress:**

**1) Title:** "Changes in the NZ information labour force". **Aim:** To assess changes in NZ's information labour force over the period 1976 to 1996. **Method:** Using census data, the study analyses labour force changes (overall and by gender) and discusses possible explanations and implications.

**2) Title:** "Ideas versus rival human capital? The case of NZ" (with Nathan McLellan, PN) **Aim:** To test the applicability of new growth theories in the NZ case. To explore normative implications.

**Hypothesis:** New growth theories are applicable to NZ. **Method:** Econometric estimation with data from the Official NZ Productivity Database, OECD STAN and census data.

**3) Title:** "Measurement of NZs 'knowledge' economy". **Aim:** To suggest ways to appropriately measure the 'knowledge' economy, and their applicability in the NZ case. **Method:** Literature review and analysis of the different concepts of the 'knowledge' economy.

**4) Title:** "Equipment investment, knowledge spillovers and economic growth". **Aim:** To further explore the causal relationships between the three concepts. **Method:** Econometric analysis on panel data for a group of countries.

**5) Title:** "The effect of the monetary conditions index (MCI) on monetary policy in NZ" (with Robin Loomes, PN). **Aim:** To improve understanding of the strength and weaknesses of the MCI and its role in monetary policy. **Hypothesis:** The use of the MCI increased market uncertainty and thereby reduced the transparency of monetary policy. **Method:** Review of the MCI literature. Econometric modeling.

**Name:** Xiaoming Li, ALB [X.N.Li@massey.ac.nz] **Research interests:** The Chinese economy.

**Research currently in progress:**

**1) Title:** "Reforming China's financial system and monetary policy". **Aim & method:** To investigate the efficacy of China's financial reforms in achieving the goals of macroeconomic stabilisation. A local-local monetary game is being modeled, which examines investment competition between local governments in different financial settings.

**2) Title:** "Implications of the Asian economic crisis for China: Is devaluation the only way out?" **Aim:** To establish whether China is able to maintain current exchange rates. What are the economic conditions in China that are favourable to maintaining a stable yuan? What are the unfavourable conditions? What are the appropriate short-run macroeconomic stabilisation policies and possible long-run growth strategies?

**3) Title:** "The causality between government revenues and expenditures in China". **Aim & method:** The reform period since 1979 has shown a tendency for overall government expenditures to exceed the approved budget. Conflicting views pertaining to the relationship between government revenue and expenditures have appeared. This work attempts to provide empirical evidence by subjecting various hypotheses to systematic econometric testing based on VEC and VAR modeling.

**Name:** Anton Meister, PN [A.Meister@massey.ac.nz] **Research interests:** Environmental policy and valuation; benefit cost analysis; role of economics incentives; sustainable resource use and stakeholder attitudes.

**Research currently in progress:**

**1) Title:** "Quantification of the compliance and lost opportunity costs in the NZ food & beverage industry". **Aim:** To identify and measure compliance costs due to environmental and food and safety regulations in the food and beverage industry; to test whether the complaint voiced by the industry is justified. **Method:** A survey of the food and beverage industry.

**2) Title:** "Effect of environmental and health standards on competitiveness of NZ's food trade" (with Shamim Shakur, PN, and Sue Cassells, PN).

**Aim:** To build an inventory of current regulatory and voluntary measures in selected products and assess compliance cost to farmers; to perform a comparative analysis with NZ's trading partners.

**Hypothesis:** That the cost imposed by various environmental and health standards are positive but not significant enough to cause comparative disadvantage to NZ food trade. **Method:** Collection of data on current and proposed standards and predictions of future costs that will be imposed on the agricultural sector.

**3) Title:** "Social and economic benefits of catchment management". **Aim:** To identify factors affecting soil erosion and sedimentation, survey attitudes and beliefs of land managers re erosion prevention practices, and estimate the national total economic costs of soil erosion and sedimentation. **Method:** A survey of three catchments in NZ to determine costs, management practices and attitudes and beliefs. The total economic cost to NZ will be determined using a natural resource accounting framework.

**4) Title:** "An economic analysis of bird damage in vineyards of the Marlborough region" (with Laurie Boyce and Sandy Lang). **Aim:** To estimate the financial and economic costs, to grape growers and society, of bird control. **Method:** Analysis of postal survey data.

**Name:** Claudio Michelini, PN [C.Michelini@massey.ac.nz] **Research interests:** Demand analysis; econometric modelling.

**Title:** "Defining an appropriate income imputation unit to analyse income distribution". **Aim & Method:** In studies of income inequality, the income unit has been either the individual or the household. Both have drawbacks as measured concentration may depend on the households' composition. Deflating household income by an appropriate equivalence scale can address this problem. This study has two main areas of inquiry (i) the quantification, based on the analysis of household consumption data, of the equivalence scales (ii) the application of the scales to the analysis of the income distribution among various groups of income earners.

**Name:** Brendan J. Moyle, ALB [B.J.Moyle@massey.ac.nz]

**1) Title:** "Shackle's theory of surprise: Applications to conservation planning". **Aim & method:** Classic approaches to risk-assessment can generate large mistakes by not accounting for the effect of unforeseen contingencies. Reliance on

ex ante research to resolve these uncertainties is expensive, adds lags and may be ineffectual. Shackle's theory of surprise offers a way to select conservation strategies that accommodate such contingencies but without the reliance on ex ante data gathering.

**2) Title:** "Optimal sampling of cryptozoic invertebrates". **Aim & method:** Sampling invertebrates can be disruptive to populations but is also necessary to gather data on distribution and density. The problem can be cast as an optimisation problem where the maximum amount of data is generated in the shortest period of time with the minimum disruption to invertebrate populations.

**3) Title:** "The ecology of trade". **Aim & method:** While trade has its most elaborate form in humans, trade occurs in a number of other species also. Hence trade can be presumed to have a biological basis and is not an artifact of human civilisation. Trade is reviewed in other species and its ecological advantages for humans are outlined.

**4) Title:** "Optimal harvest of age-structured populations". **Aim & method:** Classic work on optimal harvest models has presumed that the population has no age structure. It can be shown species with low growth rates can still be harvested sustainably if harvests can be shifted towards cohorts with high mortality rates.

**Name:** V. Nithi Nithiyandam, ALB [V.Nithi@massey.ac.nz] **Research interest:** Ethnicity and development with reference to Sri Lanka.

**Research currently in progress:**

**1. Title:** "The political economy of ethnicity: The case of Sri Lanka". **Aim:** The study examines the origin and development of ethnic conflict in Sri Lanka from a political economy perspective.

**2. Title:** "The vicissitudes of the Global Order vs Third World politics: Some lessons from Sri Lanka's experience". **Aim:** An attempt is made to analyse the ethnic conflict in Sri Lanka in the context of the globalization process.

**Name:** Allan N Rae, PN [A.N.Rae@massey.ac.nz] **Title:** "The world trading environment: some impacts on the NZ agricultural economy". **Aim & method:** This programme includes two related projects. The first is motivated by other studies of the future impacts of China's growth on world food markets. The contribution is to focus specifically on global developments and trade in grains and livestock products. The research provides new information on the speed on livestock productivity convergence and its effects on global food and trade projections. The second project examines the impacts of free trade areas on NZ's trade, eg, the enlargement of the EU, and possible NAFTA developments. Both projects use the GTAP applied general equilibrium model (version 4).

**Name:** Peter Read, PN [P.Read@massey.ac.nz]

**Research currently in progress:**

**Title:** "Promoting biofuel and other sustainable technology" (PGSF Contract PRC801). **Objectives:** 1) Tradable obligation studies: To determine the properties of tradable abatement

obligations. Recent work has focused on a proposal for Allocating Permits Usefully (APU). 2) Biofuel negotiation action research studies. 3) Biofuel scenario studies: This involves developing Kiwiized versions of existing simulation models of policy driven land allocations for biofuel and forestry activities.

**Name:** Shamim Shakur, PN  
[S.Shakur@massey.ac.nz] **Research interests:** Commodity trade; agricultural policy.

**Research currently in progress:**

**Title:** "Farmstay tourism in NZ". **Aim:** This supply-side analysis of on-farm tourism in NZ examines economic and non-economic factors for the growth of rural tourism. **Hypothesis:** Removal of government farm support led farmers to

diversify into other businesses, including tourism.

**Method:** Questionnaire.

**Name:** Leanne M. Smith, PN  
[L.M.Smith@massey.ac.nz] **Research interests:** Teaching economics; economic history; Asia-Pacific economies.

**Research currently in progress:**

**Title:** "Economic doctrines 1948-1998 in successive revisions of Paul A. Samuelson's Economics" **Aim:** To see the evolution of economic paradigms through various editions of the text. **Method:** Utilising ideas from bibliographical scholarship, sixteen editions of Samuelson's textbook are examined.

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## professional development courses, conferences & contacts

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### NZASIA Conference 1999 Asian Nationalisms In An Age Of Globalisation

University of Otago  
December 24-27, 1999

The University of Otago will host the 13th International NZASIA Conference from Wednesday, November 24, to Saturday, November 27, 1999. The theme of the conference will be 'Asian Nationalisms in an Age of Globalization'. This will be the overarching, integrating theme but papers on other topics will be welcome. However, papers relating to the conference theme will be considered for publication in a book on Asian nationalism to be submitted to a major international publisher. (A refereed selection of conference papers on miscellaneous topics is also contemplated.)

There will be a stream of sessions devoted to Asian economics and business topics. Those interested in presenting a paper should submit an abstract, by July 30, 1999, to:

Dr Roy Starrs  
School of Languages  
University of Otago  
PO Box 56  
Dunedin

More information is available from the conference website (<http://www.otago.ac.nz/Japanese/NZASIA.html>) or by contacting Stephen Knowles ([sknowles@commerce.otago.ac.nz](mailto:sknowles@commerce.otago.ac.nz)) or Roy Starrs ([roy.starrs@stonebow.otago.ac.nz](mailto:roy.starrs@stonebow.otago.ac.nz)).

### EDITORIAL NEWS

## ASymmetric<sup>C</sup> information

I'm delighted to announce that Stuart Birks and Gary Buurman (Massey University) will jointly edit *Asymmetric Information* from August 1999 (e-mail: [K.S.Birks@massey.ac.nz](mailto:K.S.Birks@massey.ac.nz)). As this is my final issue, I would like to say thanks to: the Economics Department, University of Otago (for their considerable cross-subsidisation of this enterprise) and to all those who have contributed reviews, viewpoints and other material. Our aim in initiating A.I was to provide a lively, provocative vehicle for professional dialogue among economists. Your feedback suggests we're heading down the right track - I'm sure that in Stuart and Gary's hands A.I will become essential reading for all NZ economists!

best wishes  
Nancy Devlin

## OBITUARY

# PETER ALEXANDER GORRINGE

20/11/1940 to 27/4/1999

BY GEORGE BARKER

**P**eter was born in Taihape. His academic training included a B.Sc in economics and agriculture (Hons) at the University of North Wales and an M.A. from Manchester in econometrics, operations research, computer programming and advanced agricultural production economics.

He joined the New Zealand Treasury in 1969. In 1981 he began work in Treasury's Economics II Division which was the powerhouse of Treasury thinking in the early to mid 1980s. Its successor now is Policy Co-ordination and Development (PCD). Peter remained in this core analytical and research role through the rest of his career in Treasury, with a 1 year break for a research fellowship at the Centre of Policy Studies, Monash University, Melbourne in 1987. Peter joined LECG in 1997 where he continued to contribute to public policy analysis in New Zealand but increasingly extended this into private sector advice.

He was a particularly strong micro-economist, with a particular interest in the "new institutional economics" associated with people like Oliver Williamson, Ronald Coase, Douglas North, and Harold Demsetz. This formed an important input into New Zealand's public sector management changes and also led to an interest in the developing field of law and economics.

One indication of Peter's breadth of understanding of the literature is given by a letter from Professor Armen Alchian of UCLA. A couple of quotes from this letter are: "Thanks for your two interesting papers. The review of Williamson is excellent. I and Susan Woodward have just written a review for the Journal of Economic Literature. In very many respects yours is far superior." and "In any event please send me your writings. I have to admit I was impressed at your familiarity with the wide range of papers on the subject. Not many people, so far as I know, are as well versed".

Peter had a great ability to explain economic concepts clearly to non-technical audiences. An illustration was the Coase Theorem which Peter's explanations made accessible to many. His contributions to public policy are numerous. Best known in the period from the 1980s as providing the fundamental thinking, he was also a dear friend of many young economists as a source of knowledge and as a mentor. As a friend many appreciated Peter's individuality and his respect for others who dared to be a little different (as Peter was himself). Peter's great strength was that he did not fear going against ideas that may have seemed conventional wisdom at the time. His insights were always fresh, and always challenging.

Peter brought humanity and realism to his economics. He sought to involve a perspective on people which recognised the limits to their rationality and knowledge, and the role of habits of thought acquired as part of a competitive economic and social system. He placed considerable emphasis on a long view of the evolution of social and economic relations which at times was so long as to draw on his background study in biology and possibly his early farming background. Keynes is known to have said in 'the long run we're all dead'. Peter's quip might have been that 'In the long run we evolve'. •

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## ...about NZAE

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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.

membership fees: full member: \$90  
graduate student: \$45

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

**Val Browning**  
**Administrator, NZAE**  
PO Box 568  
Wellington  
phone: (04) 801 7139  
fax: (04) 801 7106

### NZAE Council news

1999 marks the 40th anniversary of the establishment of NZAE.

The AGM of NZAE was held on July 1st, during the annual conference at Rotorua. The new Council members elected at that meeting are:

**John Yeabsley** (President) [johny@nzier.org.nz], **Caroline Saunders** (Vice President) [saunders@lincoln.ac.nz], and councillors: **Stuart Birks**, **Tim Hazledine**, **Hans-Juergen Engelbrecht**, **Donna Petry**, **Lesley Haines**, **Greg Mason**, **Donal Curtin** and **Weshah Razzak**.

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

**Daniel Viers** (student); **Dr Azmai Gani** (Fiji); **Philip Bishop** (NZIER); **Alowin Moes** (Treasury); **Dr Paul Brown** (Senior Lecturer, Department of Community Health, University of Auckland); **Ron McKenzie** (Statistics NZ); **Caroline Guerra** (Industrial Relations Policy Advisor, Dept. Labour); **Roger Ridley** (Manager, Macroeconomic Fortecasting, Treasury) & **Tim Eade** (Analyst- Marketing, Pastoral Foods).