

Australian School of Business

Centre for Applied Economic Research

AUSTRALIA

Never Stand Still

Australian School of Business

Centre for Applied Economic Research

Annual Report 2013

1. Centre for Applied Economic Research (CAER) key facts

1.1 Presiding Faculty

Australian School of Business (ASB)

1.2 Other schools and faculties with which CAER interacts

Within UNSW

School of Economics, ASB

School of Banking and Finance, ASB

School of Taxation and Business Law, ASB

Industrial Relations Research Centre (IRRC)

ARC Centre of Excellence in Population Ageing Research (CEPAR)

UNSW Law

Faculty of Built Environment, UNSW

School of Social Sciences, UNSW

Outside UNSW

APHCRI Centre for Research Excellence in the Finance and Economics of Primary Health Care (REFinE PHC), UTS

Centre for Health Economics Research and Evaluation (CHERE), UTS

UTS Business School

Department of Economics, Macquarie University

Department of Economics, University of Sydney

Vancouver School of Economics, the University of British Columbia

Stephen M. Ross School of Business, University of Michigan

Department of Economics, Boston University

Department of Economics, University of Wisconsin

MIT Center for Real Estate (Cambridge MA)

Real Estate Department, Wharton Business School, University of Pennsylvania

Paul Milstein Real Estate Center, Columbia Business School, New York

John F. Kennedy School of Government, Harvard University

Ziman Center for Real Estate, UCLA

National University of Singapore Business School

Imperial College Business School

Department of Economics, Wellesley College

Department of Economics, Universitat Jaume I (Spain)

Department of Economics Reitaku University (Japan)

Real Estate Finance and Investment Center at the University of Texas, Austin

International Association for Research in Income and Wealth (IARIW)

Australian Bureau of Statistics

Australian Productivity Commission

Reserve Bank of Australia

Australian Council of Learned Academies (ACOLA)

Herbert Smith Freehills law firm (Sydney)

Property Council of Australia

IPD Australia & New Zealand

CorVal Partners Limited
Statistics Netherlands
U.S. Bureau of Economic Analysis

1.3 Governance and management of CAER

Director

Professor Kevin Fox, School of Economics, UNSW

Deputy Director

Associate Professor Peter Kriesler, School of Economics, UNSW

Steering Committee

Professor Kevin Fox (Director)

Associate Professor

on a specialised research area. In selecting its research groups and agenda CAER gives great emphasis on interdisciplinary and multidisciplinary research, thus complementing and exceeding the research activities and outcomes that can be achieved by individual schools and faculties. It

2. CAER

The following is a summary of CAER's performance in relation to its identified objectives during 2013. A detailed description of CAER's operations in 2013 is provided in the following sections.

Law and Economics Initiative Group

The Herbert Smith Freehills Initiative on Law and Economics is a collaboration between CAER, ASB, UNSW Law and the Herbert Smith Freehills law firm (Sydney). Its main goals are to help establish law and economics in the Australian academia, begin a dialogue with practitioners about developments in the field and developments in practice, and to establish UNSW as a key leader in the field. The research of the group aims to analyse and understand law and legal institutions from economic perspectives rather than the legal realistic tradition. This is achieved by applying the latest developments in the field of economics, including the incorporation of tools from labour economics and the insights of information and behavioural economics on the limits of neo-classical economic models.

CAER's diverse research activities clearly indicate its role in leading research that crosses discipline boundaries, and as such it adds great value to UNSW research capabilities and significantly contributes to promoting the UNSW research brand.

Encourage and support collaborative research across schools and faculties both at the national and the international level.

CAER's collaborative research during 2013 is demonstrated by its following undertakings:

During 2013 the Heath Economics group took part in the research project: "Risk management and funding structures: An econometric panel data analysis of health insurance in Australia". This project is part of an Australian Research Council Discovery Grant which involves collaboration with UTS Business School, the Centre for Health Economics Research and Evaluation (CHERE) at UTS, Stephen M. Ross School of Business at the University of Michigan, the Department of Economics at Boston University and the Department of Economics at Macquarie University.

During 2013 the Economic Measurement group carried out the research project: "Tackling the Tough Problems in Productivity Measurement: Infrastructure, Services and R&D". This project is part of an Australian Research Council Linkage Grant which involves collaboration with the Australian Bureau of Statistics, the Productivity Commission and the Reserve Bank of Australia.

CAER contributes to an interdisciplinary research through its collaboration with the Industrial Relations Research Centre (IRRC) on the publication of the refereed journal *Economic and Labour Relations Review* (ELRR). The journal's focus is on contemporary issues, developments and policy-making in the fields of economics and labour relations. In 2013 CAER Deputy Director Associate Professor Peter Kriesler and CAER members, Professor Raja Junankar and Associate Professor Michael Johnson, were three of its executive editors. CAER member Dr. Neil Hart was one of the book review editors. CAER members, Emeritus Professor Geoff Harcourt, Emeritus Professor John Nevile, Adjunct Professor John Lodewijks and Associate Professor Elisabetta Magnani, were members of the editorial committee. In 2013 the journal received its first Impact Factor rating, having been accepted by Thomson Reuters after three years of rigorous quality appraisal for inclusion in the Social Citation Index and Current Contents. It was published four times a year and its publication was taken over by Sage Publishing, thus increasing the journal's international profile.

In 2013 CAER supported international collaboration and stimulated its research activities by hosting sixteen distinguished international visitors.

As a research centre, CAER's collaborative activities are mainly concentrated on research. However, CAER also undertakes educational collaborative activities where they are deemed appropriate in achieving its mission. In the first half of 2013 CAER's proposal for the new real estate studies major was formally put before the ASB Committee and received final UNSW approval in August 2013. The new major is now part of the teaching programme commencing

in 2014, with the ASB offering the new real estate major as one of the majors offered in its flagship undergraduate Commerce program. It is a cross disciplinary major, with ASB Schools

Academic, industry and government engagements

In 2013 CAER not only continued to foster its links with the broader academic community and the public sector, but it also succeeded in developing and expanding its linkages with industry:

Professor Kevin Fox was a member of the Australian Bureau of Statistics Methodology Advisory Committee, a member of the Australian Bureau of Statistics Productivity Measurement Reference Group and a member of the International advisory board of the International Productivity Monitor.

Professor Kevin Fox was a member and subgroup leader of "The role of science, research and technology in lifting Australia's productivity," Australian Council of Learned Academies (ACOLA) Expert Working Group reporting to the Prime Minister's Science Engineering and Innovation Council.

In July 2013 Professor Kevin Fox visited the Real Estate Finance and Investment Center at the University of Texas, Austin. During the visit Prof

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Raise the profile, around Australian and internationally, of applied economic research at UNSW.

In 2013 CAER continued to create impact through the following activities:

Publications

To enhance the profile of UNSW's high-

4. Statement of financial performance certified by the ASB Finance Manager for the year ended 31 December 2013

Centre for Economic and Labour Relations Review

Statement of Financial Performance for the Year Ended 31 December 2013

Funds	Notes	2013 \$	2012 \$
Research Revenue	1	75,000.00	75,000.00
Donations	2	472,922.74	
Fees			
Facility Funds			
UNSW Operating Funds			
Sundry Other Revenue	3	32,239.44	
Total Revenue		579,962.18	75,000.00
Costs			
Salaries			
Travel			
Printing			
Postage			
Telephone			
Insurance			
Depreciation			
Utilities			
Professional Fees			
Other			
Total Costs		579,962.18	75,000.00
Surplus		0.00	0.00

10 CAER had an opening balance of \$2,457,205 on 1/1/13 (\$2,133,354 on 1/1/12)

ASB FINANCE MANAGER

Finance Manager
 Australian School of Business
 Date: 31/12/14

Additional notes:

All financial matters of the Economic and Labour Relations Review (ELRR) journal are administrated

through an FC101 project on UNSW accounts. Every year funds from the UNSW Foundation

5. Details of research grants and projects associated with CAER during 2013

6. Statement of in-kind contributions, cash contributions, infrastructure and other resources provided to CAER during 2013

6.1 In-kind contributions

7. Details of publications and other scholarly achievements associated with CAER during 2013

7.1 CAER Journal Publication - The Economic and Labour Relations Review

The Industrial Relations Research Centre (IRRC), in conjunction with the Centre for Applied Economic Research (CAER), publishes the Economic and Labour Relations Review, a refereed journal with a focus on contemporary issues, developments and policy-making in the fields of economics and labour relations.

In 2013, CAER members were actively involved in editorial activities of the journal: CAER Deputy Director Associate Professor Peter Kriesler (School of Economics), Associate Professor Michael Johnson (School of Social Sciences, CAER) and Professor P.N. (Raja) Junankar (IRRC, CAER) were three of its executive editors. Dr Neil Hart (IRRC, CAER) was one of the book review editors. Emeritus Professor Geoff Harcourt (School of Economics, CAER), Emeritus Professor John Nevile (School of Economics, CAER), Adjunct Professor John Lodewijks (IRRC, CAER) and Associate Professor Elisabetta Magnani (School of Economics, CAER) were members of the editorial committee.

Diewert, W.E. and J. de Haan, 2013, *Eurostat Handbook on Residential Property Price Indices (RPPIs)*, Luxembourg: Publications Office of the European Union.

Books Edited

Kriesler, P., and **G.C. Harcourt**, 2013, *Oxford Handbook of Post-Keynesian Economics Volume 1: Theory and Origins*, Oxford University Press, New York, ISBN 978-0-19-539076-6.

Kriesler, P., and **G.C. Harcourt**, 2013, *Oxford Handbook of Post-Keynesian Economics Volume 2: Critiques and Methodology*, Oxford University Press, New York, ISBN 978-0-19-539075-9.

Harcourt, G.C., and Jrt, G.C.

Weisberg, E., D. Bateson, S.A. Knox, M. Haas, R. Viney, D. Street and **D.G. Fiebig**, 2013, "Do women and providers value the same features of contraceptive products? Results of a best-worst stated preference experiment", *The European Journal of Contraception and Reproductive Health Care*, Vol. 18(3), pp. 181-190.

Knox, S.A., R. Viney, Y. Gu, A.R. Hole, **D.G. Fiebig**, D. Street and M. Haas, 2013, "The effect of adverse information and positive promotion on women's preferences for prescribed contraceptive products", *Social Science and Medicine*, Vol. 83, pp. 70-80.

Ellis, R.P., **D.G. Fiebig**, M. Johar, G. Jones and E. Savage, 2013, "Explaining health care expenditure: Large-sample evidence using linked survey and health administrative data", *Health Economics*, Vol. 22, pp. 1093-1110.

Buchmueller, T.C., **D.G. Fiebig**, G. Jones and E. Savage, 2013, "Preference heterogeneity and selection in private health insurance: The case of Australia", *Journal of Health Economics*, Vol. 32, pp. 757-767.

Yoo, H.I. and **D. Doiron**, 2013, "The use of alternative preference elicitation methods in complex discrete choice experiments", *Journal of Health Economics*, Vol. 32(6), pp. 1166-1179.

Suziedelyte, A. and M. Johar, 2013, "Can you trust survey responses? Evidence using objective health measures"

Dixon, R. and V. Jackson, 2013, "Constitutions Inside Out: Outsider Interventions in Domestic Constitutional Contests", *Wake Forest Law Review*, Vol. 48(1), pp. 149-209.

Kulish, M., 2013, "Solving Linear Rational Expectations Models with Predictable Structural Changes", *Review of Economics and Statistics*, Vol. 95(1), pp. 328-336.

He, W. and **M.R. Hu**, 2013, "Aggregate Earnings and Market Returns: International Evidence", *Journal of Financial and Quantitative Analysis*, forthcoming.

Ivancic, L. and **K.J. Fox**, 2013, "Understanding Price Variation Across Stores and Supermarket Chains: Some Implications for CPI Aggregation Methods", *Review of Income and Wealth*, Vol. 59(4), pp. 629-647.

Ivancic, L. and **K.J. Fox**, 2013, "Can Dissimilarity Indexes Resolve the Issue of when to Chain Price Indexes?", *Economics Letters*, Vol. 118, pp. 6 – 9.

Other Research Output

Lodewijks, J.K., 2013, "G.C. Harcourt: The Making of a Post-Keynesian Economist: Cambridge Harvest", Book Review, *History of Economics Review*, Vol.58, pp.103-106.

Harcourt, G.C., S. Cornish and **R. Holden**, 2013, "Allan Barton 1933-2012: A Tribute", *Economic Record*, Vol. 89, p.283.

Harcourt, G.C., 2013, "Ronald Meek's "Magnificent " Review Article of Piero Sraffa's 1960 Classic: Top Hit in Decade 1954-63, in _____, *Scottish Journal of Political Economy*, Volume 60(5), pp.428-80.

Kriesler, P., L. Chester and M. Johnson, 2013, *Heterodox economics and the c away*, 12th Australian Society of Heterodox Economists Conference 2-3 December 2013, Conference Volume, The University of New South Wales ISBN: 978-0-7334-3375-7.

Vidal-Fernandez, M., J. Fletcher and B. Wolfe, 2013, "Dynamic and Heterogeneous Effects of Sibling Death on Children's Outcomes", *Revised & Resubmitted at Demography*.

Vidal-Fernandez, M. and A. Aparicio-Fenoll, 2013, "Working Women and Fertility: The Role of Grandmothers", *Revision requested at*

Melser, D. and **I.A. Syed**, 2013, "Prices over the Product Life Cycle: Implications for Quality-Adjustment and the Measurement of Inflation", UNSW Australian School of Business Research Paper No. 2013-26.

Stapledon, N. D., 2013, "Australia's Major Terms of Trade and Resource Shocks, 1800-2013: Sources and Impacts", Centre for Economic History-Australian National University Discussion Paper Series 2013-10.

Diewert, W.E. and C. Shimizu, 2013, "A Conceptual Framework for Commercial Property Price Indexes", School of Economics Discussion Paper 13-11, University of British Columbia.

Wang, C., 2013, "The long-run effect of innovation on economic growth", UNSW working paper.

Fiebig, D.G., D. Doiron, M. Johar and **A. Suziedelyte**, 2013, "Does self-assessed health measure health?".

Fiebig, D.G., D. Doiron, M. Johar, G. Jones, E. Savage and **A. Suziedelyte**, 2013, "Do changes in health affect retirement decisions?".

, S. and **C. Mu**, 2013, "The Effect of Government Subsidies on General Practitioners' Location and Labour Supply Decision".

, D. Christelis and A. Motta, 2013, "Early Life Conditions and the Dynamics of –Taking in Older Age".

Dobrescu, L.I. and D. Christelis, 2013, "The Impact of Social Activities on Cognitive Ageing: Evidence from Eleven European Countries".

Dobrescu, L.I. and D. Christelis, 2013, "Mens Sana in Corpore Sano: The Role of Physical Activities in Preserving Cognition in Older Age".

Dobrescu, L.I., and F. Iskhakov, 2013, "Bequest Motives in a Life-Cycle Model with Intergenerational Interactions".

Dobrescu, L.I., A. Motta and B. Gui, 2013, "Staying Home or Dining out? Social Interactions and -Age Consumption Profiles".

Vidal-Fernandez, M., J. K. Lehmann and A. Nuevo-Chiquero, 2013, "Early Origins of Birth Order Differences".

Vidal-Fernandez, M. and R. Barua, 2013, "Do Stricter Teen Driving Laws Reduce Crime and

Zhu, H., 2013, "Estimating the Effect of Transportation Infrastructure on China's Land Market".

Syed, I.A., 2013, "Hedonic Price Indexes for High Tech Products".

Elnasri, A. and **K.J. Fox**, 2013, "The Contribution of Research and Innovation to Productivity and Economic Growth".

Scholarly

8. Details of CAE

an Industry Panel Event, May 2013

Taking advantage of a visit to CAER by the esteemed international expert on real estate, Professor Lynne Sagalyn (Paul Milstein Real Estate Center, Columbia Business School), this industry panel event was held in Sydney CBD, on the 16th of May, 2013. It was chaired by Rob Harley, AFR Property Editor and featured Professor Lynne Sagalyn and three industry leaders: Tim Church (Managing Director, Head of Real Estate Australasia, UBS Investment Bank), Campbell Hanan (Group Executive, Head of Investa Office) and David Harrison (Joint Managing Director, Charter Hall). The event was a sell-out and within an hour registration has reached full capacity. There were one hundred and twenty people attending the event with a wide-range representation of alumni, industry and academics.

8.2 Visitors

The following is a list of visitors hosted by CAER as part of its commitment to stimulate research activities and foster research students and early career academics:

Visitors hosted by the Economic Measurement Group of CAER in 2013

Prof. Emili Tortosa-Ausina, Universitat Jaume I, Spain
 Prof. Chihiro Shimizu, Reitaku University, Japan
 Prof. Robert Hill, University of Graz
 Prof. Bart van Ark, Conference Board and University of Groningen
 Dr. Andrew Sharpe, Centre for the Study of Living Standards, Canada
 Prof. Barbara Fraumeni, University of Southern Maine
 Dr. Paul Schreyer, Deputy Director of Statistics, OECD
 Dr. Marshall Reinsdorf, U.S. Bureau of Economic Analysis
 Prof. Jonathan Haskel, Imperial College Business School
 Prof. Dan Sichel, Wellesley College
 Mr. Nicholas Oulton, London School of Economics

Visitors hosted by the Law and Economics Initiative Group of CAER in 2013

Prof. Sujit Choudry, NYU
 Prof. Bradley Condon, University of Victoria
 Prof. Christine Jolls, Yale
 Dr. Nick Stephenopolous, University of Chicago

Visitors hosted by the Real Estate Initiative Group of CAER in 2013

Prof. Lynne Sagalyn, Columbia Business School

8.3 Academic, industry and government engagements

During 2013 Professor Kevin Fox was a member of the Australian Bureau of Statistics Methodology Advisory Committee, a member of the Australian Bureau of Statistics Productivity Measurement Reference Group and a member of the International advisory board of the International Productivity Mon(t)-94ogag()-0 1 1u-20(i)5(c)-5(s)-5(.)JTJ2.5BT1 0 0 1 26177.02 Tm

Academies (ACOLA) Expert Working Group reporting to the Prime Minister's Science Engineering and Innovation Council.

In July 2013 Professor Kevin Fox visited the Real Estate Finance and Investment Center at the University of Texas, Austin. During the visit Professor Fox had meetings with the Center's Executive Director, Professor Jay Hartzell, and gained invaluable insight into the teaching and research programs of this leading real estate group as well as their engagement with industry.

Aside from their own merits, CAER's tea

Referendums need a big idea to stay relevant," Canberra times 17/05/13

Nigel Stapledon was extensively interviewed on various real estate related issues during 2013. These included:

Television interviews at BBC World (1 interview), China Television (1 interview), Channel 7 (1 interview), ABC24 (3 interviews), ABC1 Lateline (2 interviews) and Switzer Report on Fox Television (1 interview);

Radio interviews at ABC radio Sydney (3 interviews) and ABC radio Perth (2 interviews);
Newspaper interview/views quoted at the Sydney Morning Herald (3 interviews), the Age (3 interviews) and the Australian Financial Review (1 interview).

9. Details of research supervision and teaching activities carried out by CAER members on behalf of academic units

9.1 Research Supervision

Postgraduate research supervision activities within CAER are coordinated with the relevant Schools/Faculties (mainly the School of Economics and ASB), in accordance with the relevant UNSW policies, procedures and delegations. The following is a list of research supervision carried out by CAER members in 2013 as part of their research group activities. CAER members are marked in bold.

PhD Supervision

Supervisor: **Denise Doiron**

Hong Il Yoo: *Four essays on modelling and estimating consumer heterogeneity in probabilistic choice and household demand systems*

Submitted and conferred: 2013

Supervisors: **Kevin Fox** and Arghya Ghosh (School of Economics, UNSW)

Changtao (William) Wang: *The Economics of Innovation and Intellectual Property Rights*

Submitted: 2013, conferred: 2014

Supervisors: Arghya Ghosh (School of Economics, UNSW) and **Kevin Fox**

Frederique Goy: *On the importance of market size and knowledge tradeability for Intellectual Property Rights policy*

Submitted: 2013, conferred: 2014

Supervisors: **Denzil Fiebig** and Shiko Maruyama (School of Economics, UNSW)

Chunzhou Mu: *On the Location Decision and Labour Supply of Australian General Practitioners*

Submitted: 2013

Supervisors: **Isabella Dobrescu**, **Denise Doiron** and Rachida Ouyse (School of Economics, UNSW)

Gaoyun (Sophie) Yan: *Three Essays on Health and Education: Evaluating Current Policies in China*

In progress

Supervisor: **Kevin Fox**

Hongjia Zhu: *Infrastructure, Land Prices and the Environment in Developing Economies*

In progress

Supervisor: **Glenn Otto**

Xiangling Liu: *Housing Supply and Prices in NSW*

In progress

Supervisor: **Kevin Fox**

Zoran Peroski: *A Retrospective Bertrand Model of The Competitive Impacts and Social Welfare of Regulated Mobile Interconnection Rates for Australia*

In progress

Supervisor: **Rosalind Dixon**

Bhatara Ibnu Reza: *Thesis title to be determined*

In progress

Supervisor: **Rosalind Dixon**

Doron Goldbarsht: *Thesis title to be determined*

In progress

Honours Supervision

Supervisor: **Richard Holden**

Matthew Martineer: *Do Australian Fund Managers Create Value?*

School of Economics, UNSW

Supervisor: **Mariano Kulish**

Peter Rickards: *Macro-Prudential Regulation, Interest Rate Spreads & Monetary Policy*

School of Economics, UNSW

Supervisor: **Nigel Stapledon**

Jehanesan Konesan: *The impacts of flooding disasters on property prices in Brisbane city, a spatial hedonic model analysis*

School of Economics, UNSW

