DIVISION OF ECONOMICS

The Division of Economics is concerned with the theoretical and applied problems of economic development and international economics, with special reference to the countries of Northeast Asia, Southeast Asia, South Asia and the Southwest Pacific. The interests of the Division include the economic relations of these countries with Australia. Within the broad context of economic development, the Division currently has active interests in the analysis of macroeconomic stability, agriculture, industrialisation, poverty, the role of the state, the environment and international trade and investment. The Division is recognised as the leading centre outside Indonesia for research on the Indonesian economy, and publishes the Bulletin of Indonesian Economic Studies, an internationally recognised journal.

Six programs are the focus of the Division's research: the Southeast Asia Economy Program, which includes the Indonesia Project; the China Business Economy Program (jointly with the Asian Pacific School of Economics and Government [APSEG]); Japan (in collaboration with the Australia–Japan Research Centre, APSEG); the Korea Economy Program; the Australia South Asia Research Centre; and the Poverty Research Centre. As their names imply, the first five of these programs are focused on particular countries, or groups of countries in the Asia–Pacific region. In contrast, the Poverty Research Centre has been established to study across all countries in the region, the extent of poverty, its causes and the efficacy of possible ways of alleviating it.

Full-time research is carried out by tenured and non-tenured members of staff and graduate students. In 2003, members of the Division undertook research focused on particular countries as well as broad systemic issues such as: macroeconomic instability and problems of financial contagion; the development of mechanisms to reduce the likelihood of economic crises such as the Asian crisis of 1997/98; the role and consequences of foreign direct investment; the longer-run development and transition to market-based economies of the communist and former communist countries in the region; regional trade and investment policy, including the approach of bilateral versus multilateral trading arrangements; the regional and global impacts of China's emergence into the global economy; global and regional currency arrangements and regional monetary reform; causes of poverty and policies for alleviation, environmental policy particularly related to deforestation, water quality, air quality and climate change; and the impact of demographic change.

The Division is fortunate to have Professor Jong Wha Lee of Korea University, Professor Hadi Soesatyo of CSIS in Indonesia and Professor David Vines of Oxford University as Adjunct Professors. There is also an extensive program of visitors from all parts of the world.

Overall, 2003 was a very successful year for the Division academically, and staff members were awarded a number of grants and consultancies. Our PhD scholars program was expanded and a group of 23 PhD scholars are working now across a wide range of topics. Members of the Division made significant contributions to academic and policy debates in the region and
globally, and produced a wide range of technical and applied research for publication in leading academic journals and books with leading publishers. They also participated in the public debate through editorial articles in major newspapers and radio and television interviews. In addition, many staff members accepted advisory roles to governments in countries throughout the region. More information on the extra curricular commitments of the Division’s staff and students may be found on the RSPAS web site under the heading ‘Collaborations and Outreach’.

Prizes, honours and awards

• Mr Archunan Kophaiboon shared the award for the best student paper in International Economics at the PhD Conference for Business Economics in Perth.

THE AUSTRALIA SOUTH ASIA RESEARCH CENTRE

The Australia South Asia Research Centre (ASARC) is at the forefront of research into south Asian economies in the Australia–New Zealand region.

The Centre continued its research on poverty-nutrition traps in India and produced six working papers. This project is funded by the Department of International Development in the United Kingdom.

The Centre also augmented its economic database relating to the south Asian economies and had contact at high official levels with the governments of India, Sri Lanka and Bangladesh.

Research support was provided to a United Nations Development Program funded project on global public goods, and ASARC was involved with a World Bank project on the possibility of attaining Millennium Development Goals in India.

The MacArthur Foundation continues to aid the research of the Centre on global environmental institutions and has extended its grant for another year.

ASARC’s network of economists in the Australia–New Zealand region working on south Asian economies produced seven working papers, bringing their total to thirty-two (see http://rspas.anu.edu.au/economics/asarc/).

Dr Prasanna Gai, a Fellow in the Division of Economics, RSPAS, has been selected as the 2003 Rajiv Gandhi Fellow and will spend three months at the Rajiv Gandhi Institute for Contemporary Studies (RGICS), New Delhi. This arrangement reciprocates the visit to ASARC by a Fellow of the RGICS in 2002.

Research highlights

• Professor Pranab Bardhan, University of California at Berkeley, presented the 2003 K R Narayanan Oration titled ‘Political economy and governance issues in Indian economic reforms’. As with previous years, this year’s oration is available from the RSPAS Bookshop.

• The Centre organised and presented an Indian Economy Update Seminar on ‘Business Prospects in India: Culture, Society and Economy’, bringing together participants from business, academia and government in August.
• Publications included two books (Macroeconomics for Developing Countries, R Jha, Routledge; Indian Economic Reforms, R Jha (ed.), Palgrave Macmillan); two papers in international journals; six papers in refereed books; and seven working papers.
• Staff participated in the initiation and set-up of the ANU India Forum that will act as a network for India enthusiasts, researchers and diverse experts to facilitate meetings, seminars, conferences, and business forums.

**INDONESIA PROJECT**

The Project continued to focus on its three core activities during 2003: The Bulletin of Indonesian Economic Studies (BIES), the annual Indonesia Update Conference and Assessment book based on the conference, and our regular seminar series, the Indonesia Study Group. In addition, we hosted a range of visitors from elsewhere in Australia, Indonesia and other countries, arranged special workshops and conferences on topical issues in Indonesian development, and organised book launchings and new publishing arrangements.

The BIES monitored the economic policy challenges and performance of the Megawati government and published articles on a wide range of topics including decentralisation, governance and corruption, banking and finance, and labour and poverty.

The 2003 Indonesia Update, entitled ‘Business in the Reformasi era’, once again was attended by a large audience of over 300, involved several excellent presentations and vigorous
discussion through to the second day. As with previous Indonesia Updates, the papers were prepared for co-publication with the Institute of Southeast Asian Studies (ISEAS) in Singapore. The papers from the 2002 Update were edited by Drs Greg Fealy and Ed Aspinall and published in May under the title *Local Power and Politics*, which resulted in especially strong sales. A very successful seminar and book launching in Jakarta commemorated the event in the same month.

![Emeritus Professor Jamie Mackie cuts the cake celebrating the 21st Indonesia Update.](image)

**THE POVERTY RESEARCH CENTRE**

The Poverty Research Centre was established in 2001 within the Division of Economics. Its aim is to promote high quality research on the measurement of poverty, its social and economic causes, and the way in which policy interventions, demographic change, technological developments and changes in the external environment interact, directly and indirectly, with domestic institutions to influence the incidence of poverty. The research involves scholars from fields including economics, demography, anthropology and political science.

During 2003 Professor Peter Warr advised the National Economic and Social Development Board in Thailand on its poverty reduction strategy and undertook research on the economics of poverty reduction in Thailand. He also acted as a resource person for the Global Development Network’s project on understanding reform. Professor Warr and Dr John Maxwell also undertook separate studies for the Asian Development Bank Institute on poverty targeting in Thailand and Indonesia respectively.
POSTGRADUATE EDUCATION AND RESEARCH

Degrees and awards and thesis titles — Doctor of Philosophy

Sugema, I
Indonesia's deep economic crisis: the role of the banking sector in its origins and propagation

Sun, C H
The growth process in East Asian manufacturing industries: a re-examination

Doctoral students and research topics

Claus, E
Monetary policy and inflation targeting

Hill, S
Factors influencing economic growth

Jongwanich, J
The determination of the real exchange rate in an emerging market economy: evidence from Thailand

Kim, Q
Asian financial crisis from governance perspective

Kohpai boon, A
Thailand and Thai industrial transformation

Kong, T
Growth effects of political institutions

Liyanage, D
Saving, investment and capital plans in East Asia

Matsui, M
Female labour supply, marital status and fertility decisions: Australia and Japan

Miranti, R
Household economics, poverty and macroeconomic shocks in Indonesia

Mungsunti, A
Technical change in Thai agriculture sector and its impact on poverty and income distribution in Thailand

Narjoko, D A
The impact of crisis on firms in Indonesian manufacturing industry

Nashihin, M
The vulnerability indicators of an economy towards financial crisis: Indonesian case

Nguyen, J D
The aging of Japan: implications for Japan and the rest of the world

Ponomareva, N
What is the best monetary policy for developing countries?

Ruangkajorn, J
Macroeconomic analysis of Thailand's recovery options

Sharma, A
Public finance: of fiscal stabilisation and liberalisation policies in developing countries
Shi, Q
The Chinese social security system — its origin, recent reforms and prospects for future reforms

Sinha, K
Pattern of food demand, nutrition outcomes and poverty in India

Stegman, A
International climate change agreements

Tan, K Y
Dynamic learning in macroeconometric models

Tang, H C
Information content of financial markets and implications for monetary policy

Yee Chong San, P
The use of alternative financial instruments for monetary policy in developed countries

Zavkiev, Z
Monetary policy

PUBLICATIONS

Published in-house

ASARC Working Papers
Editor: Professor Raghbendra Jha

Working Papers in Trade and Development
Editors: Professor Prema-chandra Athukorala and Professor Peter Warr

Bulletin of Indonesian Economic Studies
Editor: Dr Ross H McLeod
Associate Editor: Ms Liz Drysdale

Aruman*, S and M Dungey
‘A perspective on modelling the Australian real trade weighted index since the float’, Australian Economic Papers, 42(1), 56–76.

Athukorala, P (ed.)

Athukorala, P
—‘Agricultural Trade Liberalisation in South Asia: from the Uruguay round to the millennium round’, in K Kalirajan and U Sankar (eds), Economic Reform and the Liberalisation of the Indian Economy, Edward Elgar, Cheltenham, 75–103.


Athukorala, P and S K Jayasuriya*


Athukorala, P and S Rajapatirana*


Balisacan*, A M and H C Hill (eds)

Balisacan*, A M and H C Hill

Baroo R J and J W Lee

Breunig, R and A Stegman
Callen*, T and W J McKibbin


Chand, S


Chand, S and B Imbun*


Chand, S and K Sen*


Dungey, M and R Fry

‘International shocks on Australia—the Japanese effect’, Australian Economic Papers, 42(2), 158–82.

Dungey, M, R Fry, B Gonzalez-Hermosillo* and V L Martin*


Dungey, M, R Fry and V L Martin*

‘Equity transmission mechanisms from Asia to Australia: interdependence or contagion’, Australian Journal of Management, 28(2), 157–82.

Fane, G

‘Change and continuity in Indonesia’s new fiscal decentralisation arrangements’, Bulletin of Indonesian Economic Studies, 39(2), 159–76.

Fane, G and H Ahammad*

‘Alternative ways of measuring and decomposing equivalent variation’, Economic Modelling, 21(2003), 175–89.

Fane, G and P Warr


Gai, P and H S Shin*


Gai, P, M Chui* and A Haldane*

Garnaut, R

Garnaut, R and C Findlay

Garnaut, R, R Ganguly* and J Kang*

Garnaut, R and L Song (eds)

Hayashi, M

Hill, H C

Hill, H C and J T Lindblad* (guest eds)

Jha, R (ed.)

Jha, R
—‘Fiscal consolidation’, Economic and Political Weekly, 38(12–13), 1102–03.

**Jha, R and K V Bhanu Murthy**


**Jha, R, S Chand and A Sharma**


**Jha, R and R Gaiha**


**Jha, R and I Longjam**


**Jha, R and D P Rath**


**Jha, R and A Sharma**

‘The spatial distribution of rural poverty in the last three quinquennial rounds of NSS’, *Economic and Political Weekly*, 38(47), 4985–93.


**Jha, R and P J Thapa**


**Jha, R and J Whalley**


**Joshi, V**


**Kohpaiboon, A**


**Lee, J-W** and **W J McKibbin**


MacIntyre, A* and B P Resosudarmo


Mackie, J A C


Manning, C


Manning, C and K Bird*


McKibbin, W J

—‘China and the WTO?’, Polish Economic Outlook, 7–39.
—‘Market Could Still Be A Useful Tool to Limit Pollution’, Sydney Morning Herald, 11, 8 September.

McKibbin, W J and A Stoeckel*


McKibbin, W J and D Vines


McKibbin, W J and K Singh*


McKibbin, W J and P J Wilcoxen*


McKibbin, W and W Woo*

‘The fallout from China’s WTO accession: how should Southeast Asia respond?’ in Asia: seeking the competitive edge, proceedings of the seminar on Asian competitiveness, Socio-Economic and Environment Research Institute, Penang, Malaysia, 1.


McLeod, R H


Meng, X


**Resosudarmo, B P**

‘Computable general equilibrium model on air pollution abatement policies with Indonesia as a case study’, *The Economic Record*, 79 (Special Issue), S63–S73.

**Resosudarmo, B P and N I L Subiman***


**Shi, Q**


**Singh, K and K P Kalirajan***


**Vines, D*** and **P G Warr**


**Warr, P G**


**Warr, P G and W E Worner***

Wen, M
‘Building Modern Enterprises: challenges and requirements’, in R Garnaut and L Song (eds), 
* indicates that this author does not belong to the ANU.
# indicates that this author belongs to another part of the ANU.

DIVISIONAL STAFF

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