Division of Economics

Division of Economics
Professor Hal Hill, Convener
Professor Prema-chandra Athukorala, Deputy Convener

Australia South Asia Research Centre
Professor Raghbendra Jha, Executive Director

Centre for Applied Macroeconomic Analysis (CAMA)
Professor Warwick McKibbin, Executive Director

Indonesia Project
Dr Chris Manning, Head of Project

Poverty Research Centre
Professor Peter Warr, Head of Centre
Division of Economics
http://rspas.anu.edu.au/economics/

Working Papers in Trade and Development

Australia South Asia Research Centre
http://rspas.anu.edu.au/economics/asarc/

ASARC Publications

Centre for Applied Macroeconomic Analysis (CAMA)
http://cama.anu.edu.au

CAMA Working Paper Series

Indonesia Project
http://rspas.anu.edu.au/economics/ip/

Bulletin of Indonesian Economic Studies (BIES)
http://rspas.anu.edu.au/economics/bies/

Poverty Research Centre

For more information about the research profiles and activities of academic staff, see
http://rspas.anu.edu.au/about.php
http://rspas.anu.edu.au/annual_reports/
Division of Economics, 2005 Report

The research of 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, and Australia’s relations with these regions. Within the broad context of economic development, Division staff currently have active interests in the analysis of macroeconomic stability, agriculture, industrialisation, poverty, the role of the state, the environment, and international trade and investment. Particular country interests include China, India, Indonesia, Japan, Malaysia, Papua New Guinea, the Philippines, Sri Lanka, and Thailand, together with Australia.

During the year 6 books, 19 journal articles and 26 book chapters were published. Book titles included Professor Raghbendra Jha’s *Economic Growth, Economic Performance and Welfare in South Asia*, Dr Budy Resosudarmo’s *The Politics and Economics of Indonesia’s Natural Resources*, Professor Peter Warr’s *Thailand Beyond the Crisis*, Professor Ross Garnaut and colleagues’ *China’s Ownership Transformation: Process, Outcomes, Prospects, and The China Boom and its Discontents*, and Dr Mardi Dungey’s *Identifying International Financial Contagion – Progress and Challenges*.

The Division sponsors two major annual lecture series. The Third Arndt Memorial Lecture, on ‘Asia in the Global Economy: Historical Dimensions’, was delivered by Professor Angus Maddison, University of Groningen, Netherlands) at ANU on 10 November 2005. The 2005 K R Narayanan Oration was delivered by Professor M S Swaminathan, UNESCO Cousteau Chair in Ecotechnology and Chairman of the M S Swaminathan Research Foundation, at ANU on 27 September 2005.

In addition, the 2005 Indonesia Update Conference, the 24th in this major, high profile series, on ‘Indonesia, Australia and the Asia Pacific: New Challenges in the 21st Century’, was held on 23–24 September at the ANU. Division staff were active in organizing, and presenting at a wide range of conferences both in Australia and abroad. Professor Prema-chandra Athukorala organised the Australian Centre for International Agricultural Research (ACIAR) Workshop on ‘International Food Safety Standards and Processed Foods Exports from Developing Countries: A Comparative Study of India and Thailand’, held on 29 June at the ANU. Professor Hal Hill co-organized an international conference on ‘The Dynamics of Regional Development: The Philippines in Comparative East Asian Perspective’, 24–25 February in Manila. Professor Ross Garnaut chaired the 2005 China Update, ‘The China Boom and its Discontents’, at ANU on 24 August.

CAMA organized a joint CAMA/Reserve Bank of New Zealand workshop on ‘VAR modelling’ held on 20 May in Wellington, New Zealand and a joint CAMA/European Central Bank workshop on ‘Globalisation and Regionalism: Implications for Europe’ on 27–28 June in Frankfurt, Germany. CAMA’s Asian Economic Panel meeting was co-hosted with the Lowy Institute for International Policy and held on 13–14 October in Sydney; and a ‘Globalisation and Regionalism’ conference (co-hosted with the European Central Bank and the Lowy Institute for International Policy) was held on 7–8 December also in Sydney.
The Poverty Research Centre was principal organiser of a Master Class in Computable General Equilibrium Modelling, held at Chulalongkorn University in Bangkok from 13–21 December. This Master Class was funded by ACIAR and the Crawford Fund and involved 32 participants from 6 countries. The team from the PRC were assisted greatly by personnel from Chulalongkorn University, Bangkok.

The Division’s weekly Economics of Trade and Development seminar series had many invited national and international speakers and continued to be well attended.

Professor Ross Garnaut was Chairman of the International Advisory Board of the *Bulletin of Indonesian Economic Studies*, and a member of the Editorial Board of *The Australian Economic Review*; Professor Hal Hill is a member of some 15 academic journal boards; Professor Warwick McKibbin continued to serve on the Board of the Reserve Bank of Australia and was appointed to the Prime Minister’s Science, Engineering and Innovation Council. Professor Prema-chandra Athukorala has acted as the external examiner of the Faculty of Economics, University of Malaya since June this year; and is a member of the editorial board of the *Journal of Asian Development* (a new journal to be launched by Sage in 2006). Professor Raghbendra Jha was made adviser to the World Institute for Development Economics Research (WIDER) and a Fellow of the World Innovation Foundation as well as a Member of the Panel of Experts, Fiscal Affairs Division, International Monetary Fund. He was a Consultant to The World Bank and to the United Nations Research Institute for Sustainable Development (UNRISD), the International Fund for Agricultural Development (IFAD), and the Asian Development Bank (ADB).

During the year, the Division farewelled Dr Mardi Dungey, who took up a position at Cambridge University. We welcomed Dr Gong Xiaodong, from Economics, RSSS, and Mr Frank Jotzo, who holds a joint appointment with the School’s RMAP Project.

The Division hosts four major research centres, including the Indonesia Project – 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 – as well as the Centre of Applied Macroeconomic Analysis (CAMA), the Australia South Asia Centre (ASARC) and the Poverty Research Centre.

The Division continues to support an active and diverse PhD student community. Some 30 PhD students from 13 countries were enrolled in the Division. During 2005, four students completed their dissertations, and four graduated. The range of methodologies and interests is eclectic and broad, from advanced modelling technologies to in-depth country work. Several students achieved high academic distinction in the demanding ANU graduate course work programme. Broad areas of dissertation research include poverty, macroeconomic management, financial development, international differences in growth, industrialization and foreign investment, the political economy of economic policy and reform, environmental economics, and spatial patterns of development.

Doctoral students in the Division published their research in international outlets including the *Journal of Development Studies*, the *ASEAN Economic Bulletin*,...

The Division wishes to take this opportunity to thank both its general staff and School administrative staff for all their support during the year. Within the Division, we are most grateful to Division Administrator, Ms Carol Kavanagh, together with Hilda Heidemanns (to September), Karen Nulty, Sandra Zec, Christopher Wilcox (to July), Kurt Richards (from July), Glen Luttrell, Ben Robbins (to September), Caroline Ashlin, Liz Drysdale, Cathy Haberle, Trish van der Hoek, Nicole Mies, Stephanie Hancock and Davina McConnell (from September). We particularly record our gratitude to Mrs Hilda Heidemanns, who retired during the year after 27 years of wonderful service to the Division and the University community.

**Research Highlights**

Professor Prema-chandra Athukorala organised two outreach conferences (in Delhi and Bangkok) to present the findings of the ACIAR-funded research project ‘International Food Safety Regulation and Processed Food Exports from Developing Countries: A Comparative Study of India and Thailand’. On the basis of external reviewers’ assessment of the work presented at these conferences, ACIAR approved additional funding ($75000) to prepare the final manuscript (for publication through an international publisher).

Professor George Fane undertook studies of trade policy and poverty in Lao PDR (both for The World Bank) as well as a study of trade policy in Uzbekistan for the Asian Development Bank.

Dr Renee Fry was invited to become a research associate of the Centre for Research in Finance, University of Cambridge; and to present at the joint Lowy Foundation and CAMA Asia Panel Discussion, and joint European Central Bank conference on Globalisation and Regionalism.

Professor Ross Garnaut worked towards completion of a large project on development of the private sector in China and initiated a substantial study concerning the impact of China on global markets for natural resources, together with a project investigating optimal currencies for small Pacific countries. He is also working on changing the focus of Australian macroeconomic debate with a series of papers on the application of the theory of macroeconomic policy to the Australian economy.

Associate Professor Chris Manning attended a final meeting of a project on regional development in the Philippines in February, presenting a paper with Emmanuel Esguerra on regional labour markets. He also completed his final report as team leader of a research project on The International Mobility of Professionals in Southeast Asia funded by the Regional Economic Policy Support Facility (REPSF) at the ASEAN Secretariat in Jakarta. The main results of this project were presented to the ASEAN Secretariat and other researchers in Jakarta in August and, separately, to the Economics Division, RSPAS in Canberra in August in a joint paper with Dr Alexandra Sidorenko of National Centre for Epidemiology and Population Health (NCEPH)
Professor Warwick McKibbin was engaged with scholars from around the world in projects on economic modelling, global macroeconomic imbalances, climate change, international macroeconomic interdependence, macroeconomics of infectious diseases (a new NHMRC grant), international trade, and global demographic change. He prepared a paper on Global Demographic Change for a Group of 20 conference and his policy proposal on “Sensible Climate Policy” is being widely discussed both nationally and internationally. He was invited to many international conferences to speak on this topic including a major conference in New York on “The Top Ten Risks to the Global Economy” sponsored by the Goldman Sachs Institute.

Dr Budy Resosudarmo edited a book on Indonesia’s natural resource management published by the ISEAS-Singapore: *The Politics and Economics of Indonesia’s Natural Resources* and presented papers at the Asian Economic Panel Conference (Tokyo, 6–7 March); the 40th University of Otago Foreign Policy School on ‘Human Security and Development: Meeting the Millennium Development Goals’ (Dunedin, New Zealand, June 24–27); the 6th Indonesian Regional Science Association International Conference on ‘Natural Disasters’ Impacts and Challenges to Recovery (Jakarta, Indonesia, 3–4 August); and the ASEAN Roundtable on ‘The Asian Tsunami: Implications on Regional Development and Security’ (Singapore, 17–18 November).

Peter Warr was Team Leader on a technical change in agriculture research project in Indonesia and Thailand funded by the Australian Centre for International Agricultural Research due for completion in 2007. He also served as Resource Person for the East Asian Development Network (EADN) and in this capacity participated in conferences in Bangkok and Hong Kong.

**Prizes, Honours and Awards**

P Siriprapanukul topped the Faculty of Economics MEc in 1st Semester.
R Thomson won the Annual Chris Higgins Award for his Case Studies in Econometrics paper.

**Teaching Innovations**

Professor Peter Warr convened a Master Class in ‘Analysis of Agricultural Economic Policy and Poverty Incidence’, sponsored by the Crawford Fund and the Australian Centre for International Agricultural Research, held at Chulalongkorn University, Bangkok, Thailand, 13–21 December, 2005.

**Postgraduate Education and Research**

**Doctoral Degrees Conferred and Thesis Topics**

**Jongwanich, J**
Determination of the real exchange rate in an emerging market economy: Evidence from Thailand

**Kohpaiboon, A**
Foreign direct investment and industrial transformation in Thailand

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

**Stegman, A**  
An economic analysis of emissions projections and the climate policy debate

**Doctoral Students and Research Topics**

**Ang, B J**  
Financial intermediation and economic development

**Claus, E**  
Monetary policy and inflation targeting

**Gong, C H**  
Inequality and economic growth in China

**Hasni Shaari, M**  
Asymmetric response of monetary policy

**Hill, S**  
Macroeconomic policies and growth

**Kong, T**  
Growth effects of political institutions

**Lestari, N**  
Competition and survival in Indonesian SMEs

**Liu, R**  
Comparison between data driven and theoretical macroeconomic models

**Liu, X**  
Monetary policy regime in developing countries

**Machmud, A**  
The search for a new framework for monetary policy after 1998

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

**Miranti, R**  
Regional poverty in Indonesia

**Narjoko, D A**  
Impact of Asian crisis on Indonesian industrial sector

**Nashihin, M**  
Consistent measures of poverty in Indonesia across provinces and over time: 1987–2002

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

**Posso, A**
Trade liberalization and wage inequality: A comparative study of Latin America and East Asia

**Ruangkajorn, J**
Macroeconomic analysis of Thailand's recovery options

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

**Siriprapanukul, P**
Education reform and poverty in Thailand

**Tan, K Y**
Dynamic learning in macroeconometric models

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

**Temenggung, D**
Foreign direct investment and industrial transformation in Indonesia

**Thomson, R**
Intellectual property protection and technological innovation

**Tran, Q T**
Foreign direct investment and industrialisation in Vietnam

**Vidyattama, Y**
Regional growth patterns in Indonesia since 1970

**Yamashita, N**
Trade growth nexus, East Asia

**Yang, Y**
Environmental implications of China’s future energy needs

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

**Yeo, C**
Healthcare utilization, saving and retirement decisions in response to health system reforms in China

**Yusuf, A**
Poverty and environment in Indonesia
Zavkiev, Z
Optimal monetary policy regime for transition countries: A focus on Tajikistan

Zhang, D
Employment, inequality and poverty in China

**Divisional Publications**

**In-house Publications**

*Bulletin of Indonesian Economic Studies (BIES)*
(distributed by Taylor and Francis Group)

*Working Papers in Trade and Development*

*ASARC Working Papers*

*CAMA Working Papers*

**Athukorala, P C**


—‘Agricultural trade policy reforms in India’, *South Asian Economic Journal* 6(1), 23–36.


**Athukorala, P C and S K Jayasuriya**


**Athukorala, P C and B P Resosudarmo**


**Athukorala, P C and N Yamashita**

‘Production fragmentation and trade integration: East Asia in a Global Context’,


**Baur, D** and **R A Fry**

Bird, K* and C Manning

Bouche, N* and P Warr

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

Dungey M, C Goodhart* and D Tambakis*

Dungey M, J P A M Jacobs* and Lestano*

Dungey, M and D Tambakis*
‘International financial contagion: What should we be looking for?’, in M Dungey and D Tambakis (eds), Identifying International Financial Contagion – Progress and Challenges, pp 3–33, Oxford University Press, New York, USA.

Dungey, M and D Tambakis* (eds)

Fane, G

Fane, G and M Richardson#
‘Negative gearing and the taxation of capital gains in Australia’, *Economic Record* 81(254), 249–261.

**Fry, R A and A R Pagan#**


**Fry, R A and E Sojli***


**Garnaut, R**


**Garnaut, R and L Song#**


**Garnaut, R and L Song# (eds)**


**Garnaut, R, L Song#, S Tenev* and Y Yao*  


**Garnaut, R and Y Huang*

**Hill, H**


**Hill, H and S Hill**


**Jha, R**


**Jha,** R (ed)


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

‘Fragmentation of wholesale rice markets in India’, *Economic and Political Weekly* 40(53), 5571–77.


**Jha,** R, **R Gaiha*** and **A Sharma**


**Jha,** R, **Huh Hyeon-seung*** and **Chung Mo Koo***


**Jha,** R, **H K Nagarajan*** and **S Prasanna***


**Kong,** T


**Mackie,** J


—‘The Afro-Asian Conference 1955’, in M M Natalegawa, Wiryastuti Sunario and Bantarto Bandoro (eds), _Asia-Africa: Towards the First Century_, pp 34–69, Department of Foreign Affairs, Jakarta.

—‘The Years of Challenge and Development’, in M M Natalegawa, Wiryastuti Sunario and Bantarto Bandoro (eds), _Asia-Africa: Towards the First Century_, 72–79, Department of Foreign Affairs, Jakarta.


**Manning,** C


**McKibbin, W J**


**McKibbin, W J and J Ang**


**McKibbin, W J and A Stegman**


**McLeod, R**


**Meng, X**


Meng, X and R G Gregory#

Meng, X, R G Gregory# and Y Wang*

Miranti, R and B P Resosudarmo

Neck, R*, G Haber* and W J McKibbin

Resosudarmo, B P


Resosudarmo, B P (ed.)
The Politics and Economics of Indonesia’s Natural Resources, Institute of Southeast Asian Studies, Singapore, 293pp.

Ryan, J G* and J L Garrett*

Sinha, K

Warr, P
Division of Economics


—‘Should Bangladesh join a regional free trade area?’, South Asia Economic Journal 6(1), 79–97.


Warr, P (ed.)

Weerasinghe, P* and G Fane

Warr, P and I Sarntisart*

Yusuf, A A and P Koundouri*

Zillman, J*, W J McKibbin and A Kellow*

* author does not belong to the ANU
# author belongs to another part of the ANU

Divisional Staff

Convener and H W Arndt Professor of Southeast Asia Economics
H Hill, BEcon(Monash), DipEd(La Trobe), MEc(Monash), PhD(ANU)

Deputy Convener and Professor of Economics
P Athukorala, BComm(Hons)(Ceylon), PhD(La Trobe)

Australia South Asia Research Centre
Executive Director of Centre and Professor of South Asian Economics
R Jha, BA(Hons), MA(Delhi), MPhil, PhD(Columbia)

The Centre for Applied Macroeconomic Analysis
Executive Director and Professor of International Economics
W J McKibbin, BComm(Hons)(NSW), AM, PhD(Harvard), FASSA

Indonesia Project
Head of Centre and Associate Professor
C Manning, BA(ANU), MEcon(Monash), PhD(ANU)

Poverty Research Centre
Head of Centre and John G Crawford Professor of Agricultural Economics
P G Warr, BSc(Syd), MSc(Lond), PhD(Stan), FASSA

Professors
G Fane, BA(Oxford), PhD(Harvard)
R G Garnaut, AO, BA, PhD(ANU), FASSA
R Jha, BA(Hons), MA(Delhi), MPhil, PhD(Columbia)
W McKibbin, BComm(Hons)(NSW), AM, PhD(Harvard), FASSA
P G Warr, BSc(Syd), MSc(Lond), PhD(Stan), FASSA

Associate Professors
C Manning, BA(ANU), MEcon(Monash), PhD(ANU)
R McLeod, BEng, BA(Melb), PhD(ANU)
X Meng, BEcon(Beijing), ME(CASS), ME, PhD(ANU)

Fellows/Research Fellows
M Dungey, BEdc(Hons)(Tas), PhD(ANU) (to Mar 2005)
P Gai, BEcon(Hons)(ANU), MPhil, PhD(Oxford) (on leave)
B P Resosudarmo, BSc, MSc(Indonesia), PhD AgEcon(Cornell)
R Fry, BEcon(Hons)(La Trobe), PhD(Melb)
X Gong, BSc(Fudan), MA(Renmin Uni of China), PhD(Tilburg) (from Jul 2005)

Adjunct Professors
K Kalirajan, National Graduate Institute for Policy Studies, Japan
J W Lee, Korea University, Seoul
H Soesastro, Centre for Strategic and International Studies, Jakarta
D Vines, University of Oxford, UK

Emeritus Professors
H Hughes, AO, MA(Melb), PhD(London), FASSA
J A C Mackie, BA(Hons)(Melb and Oxford), MA(Oxford)

Associate Editor, Indonesia Project
L Drysdale, MA(ANU), DipEd (Melb) Associates

Information Technology Officers
G Luttrell  
B Robbins (to Sep 05)

**Divisional Administrator**  
C Kavanagh

**Assistant Divisional Administrators**  
K Nulty  
K Richards (from July 2005)  
C Wilcox (to June 2005)

**Administrative Assistant**  
S Zec

**Personal Assistant to Ross Garnaut**  
H Heidemanns (to Sep 2005)  
D McConnell (from Sep 2005)

**Administrator, Australia South Asia Research Centre**  
S Hancock

**Administrator, Centre for Applied Macroeconomic Analysis**  
N Mies

**Administrator, Poverty Research Centre**  
C Ashlin

**Administrator, Indonesia Project**  
K Guest (from Dec 2005)  
C Haberle (to Dec 2005)

**Librarian, Indonesia Project**  
T van der Hoek

**Visiting Fellows and Divisional Visitors**  
Dr R Atje, Centre for Strategic and International Studies, Jakarta  
Professor A Balisacan, University of the Philippines  
Dr K Bird, Jakarta  
Prof A Booth, University of London  
Dr P Chutisiriwong, Thammasat University  
Ms I Claus, New Zealand Treasury  
Emeritus Professor M Corden, University of Melbourne  
Assistant Professor N S Cooray, International University of Japan  
Dr R Dennis, US Federal Reserve Bank of San Francisco  
Dr X Dong, National Bureau of Statistics, Beijing  
Associate Professor Y Du, Institute of Population and Labor Economics, Hong Kong  
Dr M H Dungey, University of Cambridge  
Mr H A Engvall, Stockholm School of Economics
Australia South Asia Research Centre

The Australia South Asia Research Centre (ASARC) obtained an extension for its Department of International Development (UK) funded research project on poverty-nutrition traps in India as well as additional funding for this project and hosted a well-attended workshop in November 2005 to mark the completion of its DFID-funded project on this topic. This was well attended by academics, public policy experts and representatives of international aid organizations.

ASARC 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.

Dr Kuntala Lahiri-Dutt was appointed Rajiv Gandhi Fellow and was resident at the Rajiv Gandhi Institute for Contemporary Studies (RGICS), New Delhi, for three months. This arrangement reciprocates the visit to ASARC by a Fellow of the RGICS in 2002 under an exchange programme agreed to between the ANU and the RGICS.
In August 2005 ASARC hosted the Indian Economy and Business Update with speakers including Chief Minister for the ACT, Mr Jon Stanhope, and National Food Strategy’s Dr Susan Nelle. This was preceded by Professor Ian Chubb’s launch of ASARC’s latest book, *Economic Growth, Economic Performance and Welfare in South Asia*, published by Palgrave-Macmillan, Basingstoke, UK.

The annual K R Narayanan Oration was presented on 27 September by Professor M S Swaminathan, UNESCO Cousteau Chair in Ecotechnology and Chairman of the M S Swaminathan Research Foundation. As with previous years, this year’s oration has been posted on the ASARC website and is available for purchase as a booklet from the RSPAS bookshop.

**Publications**

see Divisional Publications, above

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**Centre for Applied Macroeconomic Analysis (CAMA)**

The CAMA network now consists of 48 active research associates and 9 doctoral student associates from around the world interacting in 8 research programmes in applied macroeconomics. The goal of bringing together researchers through joint projects, visitor programmes and collaborative conferences was furthered during the year with some excellent conferences in three countries.

Four major conferences were held: a joint CAMA/Reserve Bank of New Zealand workshop on VAR modeling on 20 May in Wellington, New Zealand; a joint CAMA/European Central Bank workshop on ‘Globalisation and Regionalism: Implications for Europe’ on 27–28 June in Frankfurt, Germany; The Asian Economic Panel Meeting 2005 co-hosted with the Lowy Institute for International Policy on 13–14 October in Sydney (funding was also received from the ANU National Institute of Economics and Business, the University of Sydney, AusAID, Columbia University, The RBA and the Treasury); and a conference on ‘Globalisation and Regionalism’ (co-hosted with the European Central Bank and the Lowy Institute for International Policy) on 7–8 December in Sydney.

Special training courses were held with the ANU Macroeconomics Study Group on: ‘Recursive Contracts and Dynamic Economics’, 28 November to 2 December, and ‘New Methods of Macroeconometric Modelling’, on 15 December 2005.

CAMA was selected by the OECD as the Australian representative member of the National Economic Research Organisation, an OECD network which aims to exchange information, discuss research agendas and identify new issues.

CAMA researchers were awarded two additional ARC grants and hosted 14 visitors, all based at overseas institutions.

**Publications**

see Divisional Publications, above
**Indonesia Project**

The annual Indonesia Update Conference was held on the topic of ‘Indonesia, Australia and the Asia Pacific: New Challenges in the 21st Century’, in Canberra, 23–24 September. The Indonesia Update volume, *The Politics and Economics of Indonesia’s Natural Resources*, edited by Budy Resosudarmo, was published jointly with the Institute of Southeast Asian Studies (ISEAS) in Singapore in May 2005.

Major visitors were Dr Kelly Bird (Jakarta), Moh. Zen from North Sumatra, and Ari Kuncoro and Raksaha Mahi from the University of Indonesia. The Project organised some 25 seminars on topics of interest, including radical Islam, Aceh, terrorism, the economy and oil price shocks, child labour, unemployment and decentralisation.

The *Bulletin of Indonesian Economic Studies* continued to publish major papers on the economy and political economy and Project staff continued outreach activities through the media, advising diplomats and journalists posted in Indonesia and through submissions to and regular meetings with AusAID.

**Publications**

see Divisional Publications, above

**Poverty Research Centre**

The Poverty Research Centre was engaged in several research projects and one major teaching enterprise. The research involved Laos, Thailand and Indonesia. Professor Warr conducted an econometric study in Laos of the effects of road development on rural poverty incidence and worked with Mr Arief Yusuf to construct a small general equilibrium model of the Lao economy, using this model to simulate the effects of capital inflows, such as receipts from electricity exports to Thailand, on poverty incidence in Laos. The next step in this work will be to use this model to study the poverty-reducing effect of road development.

Work also proceeded on a project funded by the Australian Centre for International Agricultural Research (ACIAR) concerning the effects of productivity growth in Thailand and Indonesia, and in particular their effects on poverty incidence.

About 30 participants from Asia Pacific countries took part in a Master Class convened by Professor Warr in ‘Analysis of Agricultural Economic Policy and Poverty Incidence’, sponsored by the Crawford Fund and the Australian Centre for International Agricultural Research, at Chulalongkorn University, Bangkok, Thailand, 13–21 December, 2005.

**Publications**

see Divisional Publications, above