Crawford School

Quarterly Newsletter

New research units for climate policy and environmental governance ................................. 2
2010 LAFIA in Malaysia and Japan .................................................................................. 4
Australia–Japan Research Centre to celebrate 30 years .............................................. 5
President of Business Council addresses LAFIA Alumni ............................................. 6
Public versus private sector pay in Australia ................................................................. 7
New government, new governance .............................................................................. 8
Boom crops and food wars: the case of oil palm ...................................................... 10
Australian aid program to Papua New Guinea ........................................................... 11
Foreign minister addresses the 2010 China Update .................................................. 12
Four decades of research: the Indonesia Project ...................................................... 13
Crawford School event highlights ............................................................................. 14
Crawford School Dialogues ......................................................................................... 14
Crawford School Seminars ......................................................................................... 15
Selected recent publications ....................................................................................... 16
Awards and grants ......................................................................................................... 18
In late 2010 the Crawford School launched two new research units: the Centre for Climate Economics and Policy and the Australasian Network for Environmental Governance. Both draw on a high degree of research expertise from the Crawford School and ANU as well as other universities, government departments, intergovernmental organisations and private firms in Australia and around the world.

Climate change policy continues to be a hot issue in Australian and international public policy. The new Centre for Climate Economics and Policy (CCEP) brings together leading researchers to support cutting-edge research, provide insights into the policy-making process and engage in public debate.

The research generated by the centre should provide insights into the economics of climate change and its implications for public policy, for curbing greenhouse gas emissions and for adapting to climate change impacts. The focus is on Australia and the countries of the Asia-Pacific region.

With two dozen research associates, the centre can draw on deep expertise in climate policy and economics within ANU and across Australia, Asia, Europe and America. Dr Frank Jotzo, Senior Lecturer at the Crawford School and a climate policy researcher since the late 1990s, will lead the Centre.

In an initial event, Professor Lord Nicholas Stern – author of the groundbreaking UK climate change review – visited the Crawford School for a roundtable discussion. A conference on Australia’s climate policy options is being planned for early 2011.

The centre’s research papers and policy briefs will cover such issues as the design of Australia’s carbon emission policies and the future effects of climate change, emissions targets and the policies of key countries in the Asia-Pacific, strategies to foster international cooperation, and the implications of climate change policy and action for economic development and long-term structural change.

Dr Martin Parkinson, Secretary of the Department of Climate Change and Energy Efficiency, launched the Centre for Climate Economics and Policy at the Asia Climate Change Policy Forum, hosted by the South Asian Bureau of Economic Research (SABER), the East Asian Bureau of Economic Research (EABER), and the Crawford School, on October 27.
The Australasian Network for Environmental Governance (ANEG) seeks to promote interdisciplinary study of the governance of the environment on different scales, from the local to the global levels. An interdisciplinary approach drawing on disciplines such as economics, geography, international relations, politics and sociology is required to address complex environmental problems.

ANEG will contribute to the development of the theoretical aspects of environmental governance as an area of study, and to support effective, equitable and efficient environmental policies.

ANEG’s objectives are to:

- facilitate the development of collaborative research projects between environmental governance researchers in Australasia;
- lead the development of teaching resources for environmental governance;
- convene academic conferences and workshops on environmental governance; and
- implement research projects and share knowledge arising from those projects.

Projects currently implemented by ANEG include:

- Governance and economic incentives to reduce the contribution of tropical deforestation to climate change. This project is supported by the Australian Research Council’s Linkage Grant program and AusAID’s Australian Development Research Awards.
- Improving governance, policy and institutional arrangements to reduce emissions from deforestation and degradation (REDD). This project is supported by the Australian Centre for International Agricultural Research (ACIAR) and is being implemented in partnership with the Ministry of Forestry of Indonesia, the Provincial Governments of Papua and Riau, the Center for International Forestry Research and the University of New England.

ANEG currently involves academics from ANU, Griffith University, Monash University, Murdoch University, the University of Sydney and the University of Tasmania. Membership is open to academics in the Australasian region. If you would like to get involved, please contact the Network Director, Dr Luca Tacconi: luca.tacconi@anu.edu.au

Both centres can now be accessed online.

Centre for Climate Economics and Policy  http://ccep.anu.edu.au
Australasian Network for Environmental Governance  http://aneg.anu.edu.au

Above, from left: Dr Frank Jotzo, Director of the Centre for Climate Economics and Policy. Professor Lord Nicholas Stern, author of the UK climate change review, speaking at the ANU. Dr Martin Parkinson, Dr Frank Jotzo and Professor Stephen Howes at the launch of CCEP. Professor Luca Tacconi, Network Director of the Australasian Network for Environmental Governance.
In August 2010, a delegation of 13 Senior Executive Service (SES) officers participated in an intensive 20-day study tour of Malaysia and Japan. The delegation was led by Professor Peter Drysdale, and supported by Emily Blizzard and Shiro Armstrong in Japan and Huw Pohlner in Malaysia.

This year marks the seventeenth anniversary of the relationship between the Australian National University and the Australian Public Service Commission (APSC) in delivering the ‘Leading Australia’s Future in Asia’ (LAFIA) suite of experiential learning programs. LAFIA commenced in 1994 as an initiative of former prime minister Paul Keating. Managed by the Crawford School’s Executive Education unit, it is designed for Band II and III senior executives (First Assistant and Deputy Secretary-level officers).

In Malaysia, the delegation was appraised of the urgency of national economic reform aimed at transforming the Malaysian economy, and took stock of the political tensions and social and ethnic complexities that threaten to derail the country’s progress. Participants gained insights into the refugee issue, Islamic banking, finance, transnational crime cooperation and international defence cooperation through visits to UNHCR Malaysia, the Kuala Lumpur Stock Exchange, the Royal Malaysian Police and the Butterworth air force base. Highlights were meetings with the Deputy Minister for Higher Education, the Deputy Minister for International Trade and Industry, the Chairman of the National Economic Advisory Council and the Chief Minister of Penang. Barry Wain, author of a best-selling book on former prime minister Mahathir Mohamad that has been banned in Malaysia, briefed participants at the resort island of Penang. Crawford School Advisory Council Chairman, Ian Buchanan, played a significant role in leveraging 40 years of experience in Malaysia and the region for the benefit of the 2010 LAFIA program.

In Japan, participants were confronted with the paradox of a modern Japan with its huge advances in technology and industrialisation (as amply illustrated by a visit to a world-leading robotics and automation factory) struggling against inertia in bureaucratic and economic reform amidst continuing political instability and apathy. Meetings with senior government officials, newly elected Democratic Party of Japan (DPJ) politicians, business leaders, distinguished academics and diplomatic representatives were coupled with visits to cultural and historic sites in the World Heritage-listed city of Kanazawa and community dialogue with villagers in the rural hamlet of Urada in Niigata prefecture. An early morning tour of Tsukiji fish market provided an excellent follow-up to a meeting with the Japan Fisheries Agency on the issue of whaling. Discussions at the US Embassy, in a year marking the 60th anniversary of the US–Japan Defence relationship, provided important background on recent challenges facing the alliance.

Crawford School Executive Education provided a well-researched and comprehensive suite of readings on the LAFIA webpage enabling participants to engage rigorously with program interlocutors throughout the study tour. LAFIA participants were also able to compare systems of governance, study the nature and roles of bureaucracies, gain a holistic understanding of the complexities of each country’s political and social milieu, and comprehend the public policy challenges posed for each of the countries visited, and for the bilateral relationship with Australia.

Main image: LAFIA Participants grill Shiro Armstrong for information at the famous Tsukiji Fish market.
As the Australia–Japan Research Centre (AJRC) approaches its thirtieth anniversary at the end of 2010, the focus of its activities remains highly relevant to Australia–Japan relations and the shared interests of both countries in the economic affairs of our region. Recent AJRC research has included publication of a book on labour market reform in Australia and Japan, seminars on financial and banking regulation and stability following the global financial crisis of 2008–09, workshops on taxation reform, and conferences on barriers to service trade liberalisation, competition policy harmonisation and financial integration in East Asia.

The AJRC has been exploring the scope for liberalisation of trade in services, an issue that raises complex questions about how to manage international agreements on behind-the-border barriers. This has been the focus of a three-year ARC Linkage project in partnership with the Productivity Commission. The AJRC is also collaborating with new partners such as the Economic Research Institute for East and Southeast Asia, established under a Japanese initiative to strengthen the research capacity of the Association of Southeast Asian Nations (ASEAN) Secretariat in the context of closer integration with the East Asia Summit group of nations. The centre continues to collaborate with the National Bureau of Economic Research in Boston, the Japanese Cabinet Office and the Kansai (Tokyo) European Studies Centre, with whom it runs joint conferences in Tokyo.

The AJRC will celebrate its anniversary with a conference in December covering some of the themes to be included in a new Oxford Handbook on the Japanese Economy to be edited by Jenny Corbett and Takatoshi Ito. Even though China has overtaken it in terms of Australia’s bilateral trade, Japan remains Australia’s largest economic partner when investment is included, and a key strategic ally. Australia and Japan continue to share many concerns of advanced economies, such as the ageing of society; the impact of measures to counteract climate change; and the challenges for government in pursuing better governance in both the public and private sectors. The interaction between the two economies is still not fully understood, leaving room for further research into this complex area.

For more information, visit: http://www.crawford.anu.edu.au/research_units/ajrc/index.php

Above from left: Professor Jenny Corbett, Executive Director, AJRC. Professor Corbett speaks with former Japanese Ambassador to Australia, Mr Seiji Kojima.
The 2010 LAFIA Alumni Dinner, held at the Commonwealth Club on 23 September 2010, was hosted by Crawford School Director Professor Tom Kompas.

The dinner is an annual event celebrating the achievements of illustrious past alumni, including Dr Ian Watt AO, Secretary of Defence; Mr Ian McPhee PSM, Commonwealth Auditor-General; Mr Michael D'Ascenzo AO, ATO Commissioner; Ms Lynelle Briggs, CEO of Medicare; and Dr Chris Pigram, CEO of Geoscience Australia. More than 70 alumni attended the dinner, including an inaugural member from 1994, Mr Gordon Davis, who currently heads the revamped Australian Wheat Board.

The guest speaker was Mr Graham Bradley, President of the Business Council of Australia (BCA), Chairman of HSBC Bank Australia and a member of the Crawford School Advisory Council. He spoke on the topic ‘What the Business Council desires of the new Australian government’.

The BCA’s wish list for the new Australian government included the development of a national infrastructure plan, genuine consultation on plans to progress taxation, a white paper outlining a comprehensive energy security policy, refinements to the process of federal reform, a re-focusing on productivity and tighter scrutiny of Commonwealth spending.

Mr Bradley said that the former Labor government had not consulted properly with industry and stakeholders, citing the Resources Super Profits Tax as an example of how consultation had initially been omitted by the Rudd government, then rushed by the Gillard government.

He urged the government to engage more widely and effectively with the community and the business sector to find common ground, suggesting that a cross-fertilization of ideas could only lead to better policy outcomes that would be in the national interest. He called on the government to become a good manager of policy and to develop a genuinely shared, environmentally and socially conscious, but ambitious, vision for Australia’s future prosperity and strategic interests.

Above: Mr Graham Bradley, President, Business Council of Australia.
Why are public and private sector employees paid differently? Are there pay differences between female and male employees in the two sectors? Study of the public–private pay gap has important policy implications for a wide range of labour market issues. For example, higher wages for public sector employees may justify outsourcing of some government functions to the private sector and may potentially crowd out recruitment efforts in the private sector, forcing it to raise wages in order to compete for employees in the labour market.

In a recent article, Amy Liu and Lixin Cai (Melbourne University at the time of writing) attempt to explain the public–private wage gap by applying quantile regression and its decomposition method to six waves (2001–2006) of the Household, Income and Labour Dynamics in Australian Survey (HILDA). Reflecting recent industrial relations reform, significant changes have taken place in the Australian public sector. Since the early 1990s, Australian wage setting has been shifting from industry-based awards towards enterprise-based agreements. Governance of public sector employment has also gone through extensive deregulation. Decentralisation in wage setting would have implications for the wage differentials between public and private sector employees.

Liu and Cai discover that, particularly for males, employment in the public sector provides a significant wage premium for low-paid workers but has a negative impact on the wages of high-paid workers. The story is different for females. Females employed in the public sector receive an earnings premium, and those premiums are fairly stable for almost the entire earnings distribution, except at the very top end. Female high-flyers in the private sector are paid more than their public sector counterparts. The article also tests the hypothesis that high demand for skills in public and private sector occupations where similar skills are required may reduce the public–private earnings gap. The results support the proposition for females, but not for males. The decomposition results show that a substantial proportion of the earnings gap is explained by differences in the characteristics of individuals employed in the public sector and private sector, and differences in job characteristics in the two sectors. This suggests that public sector employees have individual and job characteristics that are more conducive to higher remuneration.

The paper has been published online in the British Journal of Industrial Relations (February 2010). See: http://www.crawford.anu.edu.au/staff/aliu.php
Behind much of the glare and publicity associated with the recent national elections, there is a story not yet noticed about the emergence of new models of governance. The term ‘governance’ refers to the terms and conditions regulating the power of government. Mark this election as the one where Australian governance changed in quite fundamental ways.

The change began with the demotion of former prime minister Kevin Rudd. The way Rudd was dispatched as party leader has eaten into Labor’s legitimacy. Critics fear that the government will drop anything, policy or personality, if the polls look bad. This legitimacy deficit frames the emerging governance agenda. The new government will often find itself caught between standing up for long-term policy decisions and bowing to short-term populism.

Commentators often talk about the costs of losing an election. Now we can begin to talk about the costs of winning an election, because the Gillard government has paid a very high price for its victory. Not the election victory, which resulted in Labor winning 72 seats in the House of Representatives and the Coalition 73 seats, with five non-aligned members (including only the second ever Greens House member) holding the balance. Nor the primary vote victory, where Labor won just under 38 per cent – larger than any other single party but less than the primary vote for the combined Liberal and Queensland Liberal–National merged party and less than the whole Coalition vote. Nor the two-party preferred vote, which effectively remains a dead heat.

The real victory was won by Prime Minister Julia Gillard in her post-election negotiation. She assembled a workable alliance with four of the five non-aligned members. Two from the left were predictable (although both bargained hard) but the two from the right held out until the terms and conditions were favourable. Gillard retained office by offering her alliance partners costly promises on the two fronts of policy and governance. The policy offerings include commitments to substantial expenditure for regional development. The governance offerings include black-letter promises about parliamentary power sharing, including, of course, the signature reform of an independent speaker, which became the first promise to be put to the hard test of political reality.

The 2010 election overturned many common assumptions about the Australian model of strong party government. We tend to associate the record of strong policy performance of Australian governments with a governance system based on majority-party governments. The evidence comes as much from the Hawke–Keating years as it does from the Howard years. But Westminster-model parliamentary governments around the globe have all changed, with a marked trend towards minority government in New Zealand, Canada, the United Kingdom and now Australia, with Canberra eventually following the states.

To many critics, the danger is a tendency towards policy timidity within governing parties. The old story was that the years in opposition would allow a party to rekindle its ambition not
simply for the big office but for big-picture policy reform. The new story might be that the price of re-entry to government robs major parties of their confidence that they can ‘go it alone’ and compels them to spread the risk of policy failure around smaller parties whose support is necessary for policy enactment.

There is an upside to all of this. Minority government is not necessarily meandering government. And the last two majority governments under Howard and Rudd–Gillard fell well short of expectations. For many decades, the Senate has shown how multi-party decision-making can strengthen the policy process. Sure, the Senate has also shown the power of independents to extract their price, but mainly when the opposition leaves that door open. It is time now for the House to learn from the Senate, which attracts more public participation precisely because community groups know that governments have to take wider policy interests on board to get legislation through the Senate.

The ‘new paradigm’ reflects the arrival of the spirit of the Senate in the lower house. The raft of alliance agreements initiated by Gillard signals more open governance. This does not have to take a cynical downward path where anything, possibly everything, is up for grabs. At its best, the alliance spirit is one of power-sharing and this does not have to mean government by policy-shirking. It all depends initially on who can set the tone and effectively model the sort of consensual processes of wider public consultation that could bring valued legitimacy back to government. This highlights an important role for the government of the day. Much also depends on who can take the lead role in determining when enough is enough and when the time has come for a decision on how best to balance competing interests. That highlights another important role for the government of the day, which alone enjoys the power, but also the obligations, of executive office.

If the spirit of the alliance holds, voters will not have to evaluate the performance of the Gillard government for another three years. But if it wanes in the face of early challenges, voters may find that although the election remains three years away, when the time to vote comes they are evaluating the performance of a non-Labor government led by the current opposition leader, Tony Abbott. Only time will tell.

Left: Professor John Uhr, Director, Parliamentary Studies Centre.

For more information, see: www.parliamentarystudies.anu.edu.au
Boom crops and food wars: the case of oil palm

JOHN McCarthy

With the emergence of boom crops such as oil palm, rapid agricultural development leads to widespread social and environmental transformation. At the same time spikes in food prices affect the purchasing power of the poor, and the availability of food. Together with the threat posed by a changing climate and the large-scale land transactions affecting swathes of the developing world, this sets the context for heated national and international controversies about the future of food.

In response, advocates have promoted developmental and human rights policies to reduce the risks for vulnerable populations and their environments. These include the use of legal tools to empower the poor, the construction of private sector smallholder development models that help to reduce poverty rather than marginalising the poor, the development of corporate responsibility processes and agendas, and the reworking of supply chains to ensure a more equitable distribution of benefits from agricultural development.

With increased global demand for vegetable oils and biofuel, the area under oil palm in Indonesia has doubled over the last decade, raising these issues in an acute fashion. Will this boom link the remote oil palm districts where the poorest live to global markets in an inclusive fashion? Or will this boom create new social vulnerabilities, increasing pressure on and competition for land, degrading forested areas and affecting the food security of the most vulnerable?

John McCarthy’s research considers many of these interlinked questions, seeking to understand how micro-processes shape wider environmental and social outcomes. The research suggests that the paths of agrarian change are highly variable and depend on how changing livelihood strategies are enabled or constrained by economic, social and political relations that vary over time and space. In contrast to simplifying depictions of inclusion and exclusion, it appears that outcomes depend on the terms on which smallholders engage with particular boom crops. Distinguishing between processes of agribusiness expansion driven from the outside and the development of markets driven by smallholder innovation, the research suggests that each is associated with characteristic processes of change. McCarthy concludes that the way successive policy interventions have worked with the oil palm boom have cumulatively shaped the way agrarian change occurs, pointing the way to new innovations and interventions to address the significant socio-economic problems associated with this boom crop.

Despite attempts to develop a certification system under the Roundtable on Sustainable Palm Oil (RSPO), palm oil production has become increasingly controversial. Unilever, the world’s largest buyer of palm oil, recently blacklisted two major Indonesian members of RSPO for engaging in ‘unsustainable practices’. Nestle, the world’s biggest food and beverage company, also announced it would withdraw from a key Indonesian supplier. In response to complaints, the World Bank Group had earlier ordered a complete moratorium on investment in palm oil.

John McCarthy’s research also evaluates the regulatory challenges facing attempts to develop an RSPO certification scheme as a means to control the critical environmental and social problems associated with oil palm. To date, most discussion of the networks through which agricultural goods and services are produced and distributed have focused on transnational governance structures. However, this type of analysis does not afford nuanced understanding of how local production networks – such as those associated with oil palm – shape outcomes. Using decentralisation as an opportunity for focused subnational comparison of different governance arrangements, the present research analyses these problems in terms of the way business policy models work with local political interests, state capacities and agribusiness strategies. This suggests the need to reshape the upstream end of production networks, where the main problems emerge.

Links to articles:

http://www.ingentaconnect.com/content/bpl/lapo/2010/00000032/00000001/art00008
http://www.informaworld.com/smpp/content~content=a927148231~db=all~jumpertype=rss
In April 2009, the prime minister of Papua New Guinea (PNG), Michael Somare, and the then prime minister of Australia, Kevin Rudd, agreed to undertake a review of Australia’s aid to PNG, provided through the PNG–Australia Development Cooperation Treaty (1999). The overall aim of the review was ‘to consider and recommend how Australia’s aid can most effectively contribute to PNG’s current, medium and long-term development priorities’.

The independent team commissioned to undertake the review consisted of Associate Professor Eric Kwa of the University of PNG, Professor Stephen Howes of the Crawford School and Dr Soe Lin, formerly of the World Bank.

The team submitted its review to the two governments in April 2010, and the report was released the following month. During a meeting in July 2010, the foreign ministers of the two governments noted the opportunity it provided, together with the PNG LNG project, ‘to redefine the basis of PNG and Australia’s bilateral relationship.’

As well as providing a wide-ranging critique of the performance of the aid program over the last decade, the review makes 49 separate recommendations, in large part directed to both governments, to reorient and improve the effectiveness of the aid program. A sense of the review can be obtained by reading the four ‘main messages’ with which the review begins, and which are excerpted below.


Right: Professor Stephen Howes, Director, International and Development Economics.
On 14 July 2010, the Crawford School, in collaboration with the Rio Tinto–ANU China Partnership, presented the tenth China Update. At this annual event, leading academics, policy makers and government representatives discuss the latest research on the Chinese economy. Over the years, the China Update has cemented its status as Australia’s premier forum for in-depth discussion and analysis of the Chinese economy.

In his keynote address, Australia’s then minister for foreign affairs and trade, Stephen Smith, spoke of the strengthening relationship between Australia and China. Leading academics from around the world, such as Wing Thye Woo, Max Corden and Yang Yao, discussed the long-term prospects for China’s growth and the next 20 years of reform and development.

China has made some remarkable achievements during its first three decades of economic reform and opening up, rising to become one of the world’s most dynamic and globally integrated market economies. There remains, however, much unfinished business on the reform and development agenda, coupled with newly emerging challenges. The 2010 China Update highlighted how the deepening of reform in such critical areas as domestic factor markets, the exchange rate regime and the health system, combined with the strengthening of channels for effective policy implementation, will enable China to cope with the challenges that lie ahead.

These challenges include responding to the pending exhaustion of what seemed to be an unlimited supply of labour; playing a constructive role in reducing global trade imbalances; enhancing firms’ ability to innovate; coping with migration, urbanisation and rising inequalities on scales unknown in world history; and dealing with rising energy and metal demand in an era in which low-carbon growth has become a necessity rather than a choice.


More information on the 2010 China Update, including video and presentation slides, is available at:
www.crawford.anu.edu.au/chinaupdate

To obtain copies of China: The Next Twenty Years of Reform and Development, contact Denis Cairney at:
denis.cairney@anu.edu.au

Above: Stephen Smith.
Below, clockwise from top left: Dr Jane Golley, Professor Peter Drysdale, Professor Stephen Howes, Associate Professor Ligang Song.
CHRIS MANNING and BUDY P. RESOSUDARMO

Above: Associate Professor Budy P. Resosudarmo, Professor Hadi Soesastro, Professor Hal Hill, Professor Ian Coxhead, Professor Thee Kian Wie, Professor Arianto Patunru.

The Indonesia Project, founded by the late Professor Heinz Arndt in 1964, is managed by the Arndt-Corden Department of Economics (ACDE). A small group of ‘Indonesianists’, Hal Hill, Ross McLeod, Budy P. Resosudarmo and Chris Manning, initiate collaborative research activities with Indonesian colleagues. They work with several other ACDE staff members who are also conducting research on Indonesia. Besides journal papers, staff have published a number of influential books on applied economics over the past two decades, several brought out by respected publishers such as Oxford and Cambridge.

The main goal of the Project has been to raise awareness of, and stimulate policy debate on, the difficult development challenges faced by Indonesia. It also seeks to promote high-quality research on Indonesia and to help young researchers build skills in applied economics.

A secondary objective of the Project is stimulate debate on wider issues of Indonesian political, social and cultural affairs through an active and ongoing seminar program [started in the 1960s], annual updates on special topics of interest and a range of public events held regularly in Australia and Indonesia. Academic staff of the Department of Political and Social Change, in particular, play a major role in supporting the Project.

The flagship activity of the Project is the Bulletin of Indonesian Economic Studies, an ‘A’ ranked journal that has been published by Taylor & Francis since 2001. The journal is edited by Ross McLeod, assisted by Associate Editor Liz Drysdale. The journal includes externally refereed articles on the Indonesian economy, and is unique for its ‘Survey of recent (economic) developments’, regularly among the most widely cited papers internationally. Several prominent Indonesians serve on the editorial board, including the current vice president of Indonesia, Boediono, and the minister of trade, Mari Pangestu.

In 1983, the Indonesia Project initiated the first of the country-specific annual Update conferences held at ANU. The Update now regularly attracts an audience of 300 or more. A book based on the conference has been published jointly with the Institute of Southeast Asian Studies in Singapore since 1994. Last year’s Update conference (2009), entitled ‘Problems of democratisation in Indonesia’, was very popular, and the associated book, edited by Edward Aspinall and Marcus Mietzner, is already highly regarded internationally. This year, the 28th Update conference has taken ‘Employment, living standards and poverty’ as its central theme.

Three other sets of activity are vital to the Project. First to note are a string of annual public events in Indonesia, including the annual Sadli Lecture and a ‘Mini’ Update in cooperation with prominent Indonesian institutions. Worth mentioning, too, are the High Level Policy Dialogues held for three years with senior economic policy makers in Canberra and Jakarta, reporting directly to the Indonesian minister of finance. Second, the Project attracts many Indonesian PhD students, several of whom are now prominent public figures and researchers in Indonesia. Finally, the Project’s staff are engaged in a wide range of media, public advisory and outreach activities in Australia and Indonesia.

The Project has received a generous grant from AusAID since 1996. It has benefited greatly from support from the ACDE, especially for the allocation of staff positions devoted to research on Indonesia, which are critical to the Project’s standing.

Below centre: Ms Liz Drysdale, Associate Professor Chris Manning, Ms Cathy Haberle, Professor Hal Hill, Ms Trish van der Hoek, Dr Frank Jotzo, Associate Professor Budy P. Resosudarmo, Associate Professor Ross McLeod.
Crawford School Dialogues

In the second half of 2010 the Crawford School hosted the first three Crawford School Dialogues, which brought together academics, policy practitioners, and representatives of the private and non-profit sectors to discuss contemporary policy challenges.

The title of the first Crawford School Dialogue was ‘Health care reform and policy implementation’, and put the spotlight on the Australian government’s recent health reform initiative while also examining broader policy implementation issues. Professor John Deeble, one of the architects of Medibank (now Medicare), Professor Andrew Podger AO, former secretary of the Department of Health and Aged Care, and Centre for Policy Development Fellow Ian McAuley each spoke about different elements of the current health reform debate, while Dr Adrian Kay and Dr Ann Neville of the Crawford School addressed the general problem of the implementation gap between policy-as-designed and policy-as-executed. The director of the ANU Centre for Health Stewardship, Associate Professor Paul Dugdale, then summarised the main issues. The morning was very productive, with speakers and audience members engaging in lively discussion.

The second Dialogue, ‘PNG – aid and higher education’, was held on 15 September. The first of two sessions focused on an assessment of the PNG–Australia Development Cooperation Treaty written by a team of reviewers, including the Crawford School’s Stephen Howes. To discuss the review, Professor Howes was joined by AusAID acting Deputy Director-General, Pacific and PNG Division, Mr Blair Exell, Care Australia CEO Dr Julia Newton-Howes, and PNG High Commissioner to Australia H.E. Mr. Charles Lepani. The second session examined the higher education sector in PNG, with both Distinguished Professor Ross Garnaut and former PNG prime minister Sir Rabbie Namaliu speaking in support of their recent review of PNG’s universities.

The future of the Murray–Darling Basin was the theme of the third Crawford School Dialogue, ‘The Murray–Darling Basin Plan – what will it mean for the future of the Murray–Darling Basin?’ Leading experts and practitioners in the field of water management, including the Crawford School’s Professor Quentin Grafton and Dr Daniel Connell, presented their responses to the Murray-Darling Basin Authority’s guidelines to the draft Murray-Darling Basin Plan before an audience that included members of the Australian Public Service, academics, representatives of private sector and community organisations and water experts. The day-long conference was highly productive, covering topics such as environmental assets and flows, indigenous issues, economic and social impacts, climate change risks, impacts on communities, water planning, groundwater management, legal issues, institutional arrangements, implementation challenges and the science behind the Murray–Darling Basin Plan.
Crawford School Seminars

20 July Ligang Song
Changing metal intensities in the process of industrialisation in China

27 July Colin Filer
An evaluation of Papua New Guinea’s carbon-compatible development strategy

3 August Patrick de Fontenay
An educated, healthy and wealthy Vanuatu – 30th anniversary of independence

10 August Daniel Connell
Dynamic activities auditing of trans-boundary rivers

17 August Wayne Gray
Environmental justice in the U.S.: History, policy issues, and empirical analysis

24 August Panel: John Uhr, Janine O’Flynn, Sharon Bessell & Bruce Chapman
The Election: What was all the fuss about?

31 August Scott MacWilliam
Assessing Australian aid to Papua New Guinea: Taking the long view

31 August Jenny Corbett
Where do East Asian firms get their funding?

7 September Bruce Chapman
Reflections on evidence based policy: Australian labor market and education case studies

7 September Creina Day
Why is fertility rising in developed economies? The dynamics of skill composition, fertility and economic growth

14 September Jeff Bennett
Estimating the value of Australian environmental assets

14 September Suwah Leung
Vietnam: An economic survey

21 September Yusaku Horiuchi
Should candidates smile to win elections?

5 October Adrian Kay
Biofuels policy in the US and EU: Coordinating a sustainable future or constrained by an agrarian past?

12 October Nanni Concu
Indigenous development through Payments for Environmental Services in Arnhem Land, Australia: A critical analysis

14 October Peter Warr and Arief Anshory Yusuf
Reducing Indonesia’s deforestation-based greenhouse gas emissions

19 October Terry Anderson
The case for environmental markets

26 October Peter Drysdale
Is Rudd’s Asia Pacific Community dead? The future of regional and international cooperation

2 November Carsten Daugbjerg
Litigation and negotiation in WTO dispute settlement: Questioning the growth of legalisation in international policy coordination

Videos of Crawford School events are available at:
http://www.crawford.anu.edu.au/media/video/
Selected recent publications

BOOKS
Editors: Xin Meng and Chris Manning (with Li Shi and Tadjuddin Effendi)
Title: Great Migration: Rural-urban Migration in China and Indonesia
Editor: Prema-chandra Athukorala
Title: The Rise of Asia: Trade and Investment in Global Perspective
Editors: Suiwah Leung, Ben Bingham and Matt Davies
Title: Globalization And Development In The Mekong Economies

JOURNALS
Authors: R. Quentin Grafton, Tom Kompas, Chu Long and Nhu Che
Title: “Maximum economic yield”
Journal: Australian Journal of Agricultural and Resource Economics
Authors: Ben Hillman
Title: “Factions and spoils: Examining political behavior within the local state in China”
Journal: The China Journal
Authors: John McCarthy and Zahari Zen
Title: “Regulating the oil palm boom: Assessing the effectiveness of environmental governance approaches to agro-industrial pollution in Indonesia”
Journal: Law & Policy
Authors: R. Quentin Grafton, Tom Kompas and Ray Hilborn
Title: “Limits to the privatization of fishery resources: Comment”
Journal: Land Economics
Authors: Jay P. Shimshack and Michael B. Ward
Title: “Mercury advisories and household health trade-offs”
Journal: Journal of Health Economics
Authors: Anthea Coggan, Stuart M. Whitten, Jeff Bennett
Title: “Influences of transaction costs in environmental policy”
Journal: Ecological Economics
Authors: David I. Stern
Title: “Derivation of the Hicks, or direct, elasticity of substitution using the input distance function”
Journal: Economics Letters
Authors: John C.V. Pezzey, Salim Mazouz and Frank Jotzo
Title: “The logic of collective action and Australia’s climate policy”
Journal: The Australian Journal of Agricultural and Resource Economics
Authors: Rachel P. Lorenzen and Stephan Lorenzen
Title: “Changing realities: Perspectives on Balinese rice cultivation”
Journal: Human Ecology

www.crawford.anu.edu.au
Authors: Ligang Song, Jiang Wu and Yongsheng Zhang  
Title: "Urbanization of migrant workers and expansion of domestic demand"  
Journal: *Social Sciences in China*  

Authors: Bruce Chapman and Kiatanantha Lounkaew  
Title: "Income contingent student loans for Thailand: Alternatives compared"  
Journal: *Economics of Education Review*  

Authors: Paul Mwebaze, A. MacLeod, D. Tomlinson, H. Barois and J. Rijpma  
Title: "Economic valuation of the influence of invasive alien species on the economy of the Seychelles islands"  
Journal: *Ecological Economics*  

Authors: Yusaku Horiuchi and Jun Saito  
Title: "Cultivating rice and votes: The institutional origins of agricultural protectionism in Japan"  
Journal: *Journal of East Asian Studies*  

Authors: Satoshi Yamazaki, R. Quentin Grafton and Tom Kompas  
Title: "Non-consumptive values and optimal marine reserve switching"  
Journal: *Ecological Economics*  

Authors: Matthew Dornan  
Title: "Solar-based rural electrification policy design: The Renewable Energy Service Company (RESCO) model in Fiji"  
Journal: *Renewable Energy*  

Authors: Susan Ainsworth, Angela Knox and Janine O'Flynn  
Title: "A blinding lack of progress: Management rhetoric and affirmative action"  
Journal: *Gender, Work & Organization*  

Author: David I. Stern  
Title: "Energy quality"  
Journal: *Ecological Economics*  

Author: David I. Stern  
Title: "Between estimates of the emissions-income elasticity"  
Journal: *Ecological Economics*  

Authors: Bruce Chapman, Kiatanantha Lounkaew, Piruna Polsiri, Rangsit Sarachitti and Thitima Sitthipongpanich  
Title: "Thailand’s Student Loans Fund: Interest rate subsidies and repayment burdens"  
Journal: *Economics of Education Review*  

Authors: Tom Kompas, Cathy M. Dichmont, André E. Punt, A. Deng, Tuong Nhu Che, Janet Bishop, Peter Gooday, Yemin Ye and S. Zhou  
Title: "Maximizing profits and conserving stocks in the Australian Northern Prawn Fishery"  
Journal: *Australian Journal of Agricultural and Resource Economics*  

Author: John F. McCarthy  
Title: "Processes of inclusion and adverse incorporation: Oil palm and agrarian change in Sumatra, Indonesia"  
Journal: *Journal of Peasant Studies*  

Authors: Creina Day and Steve Dowrick  
Title: "What entices the stork? Fertility, education and family payments"  
Journal: *The Economic Record*  

Author: Ying Xu  
Title: "Towards a more accurate measure of foreign bank entry and its impact on domestic banking performance: The case of China"  
Journal: *Journal of Banking & Finance*  

Authors: L. Little, R. Quentin Grafton, Tom Kompas, A. D.M. Smith, Andre Punt and B. Mapstone  
Title: "Complementarity of no-take marine reserves and individual transferable catch quotas for managing the line fishery of the Great Barrier Reef"  
Journal: *Conservation Biology*
Awards &
grants

CITATION FOR OUTSTANDING CONTRIBUTIONS TO STUDENT LEARNING – TOM KOMPAS

The director of the Crawford School, Professor Tom Kompas, received a 2010 Citation for Outstanding Contributions to Student Learning from the Australian Learning & Teaching Council. These awards recognise the most outstanding teachers across the Australian university sector. Professor Kompas was recognised specifically for ‘passionate, motivational and respectful teaching, making difficult mathematical and statistical concepts meaningfully clear and practical for applied economic research and policy evaluation’.

APPOINTMENT TO EMINENT SCIENTISTS GROUP – TOM KOMPAS

Professor Tom Kompas has been appointed to the Department of Agriculture, Fisheries and Forestry’s Eminent Scientists Group (ESG). The ESG is a select group of individuals who provide independent advice to the Minister for Agriculture on matters of biosecurity and risk analysis.

ANU AWARD FOR TEACHING EXCELLENCE – JANINE O’FLYNN

Dr Janine O’Flynn was given the ANU Award for Teaching Excellence at the ANU graduation ceremony on 16 July. Dr O’Flynn’s teaching is research-led and focuses on linking theory and practice to address the challenges faced by policy makers. She uses the case study method as a means to encourage professionals to engage with complex managerial decision-making and policy advice. In doing so, she draws heavily on her extensive research into the complexities of policy making in practice, while encouraging students to draw on their professional expertise to connect with important concepts in the field.

INSTITUTE OF SOCIAL SCIENCES PRIZE – YUSAKU HORIUCHI

On 21 September, Yusaku Horiuchi and co-author Benjamin E. Goldsmith (University of Sydney) won the Institute of Social Sciences Prize for the Best Published Research by a Mid-Career Researcher for their paper ‘Spinning the globe? U.S. public diplomacy and foreign public opinion’ (Journal of Politics, 2009). The award – made by the University of Sydney’s Institute of Social Sciences – was presented at the Institute of Social Sciences Annual Forum on 22 September.

COLLEGE OF ASIA AND THE PACIFIC TEACHING INITIATIVES GRANTS

Tom Kompas and Janine O’Flynn

Professor Kompas and Dr O’Flynn received a grant to hold a Case Teaching and Writing Workshop, to be held in December 2010. It will be based on a very highly regarded program delivered by Jon Brock from the Daniel J. Evans School of Public Affairs, University of Washington. The workshop will run for five days: four days of intensive case teaching training and one day of case writing skills. The workshop will provide specialist training that will enable more innovative approaches to the delivery of course material. The workshop will also allow the creation of a set of teaching cases focused on Asia and the Pacific, and building on the research strengths of the Crawford School.

Alison Cumming Thom

Alison Cumming Thom has received a grant to establish a library of teaching and learning resources suitable for a public policy school, and an easy methodology for the creation of such resources.

Sango Mahanty and Alison Cumming Thom

Sango Mahanty and Alison Cumming Thom received a grant for a new initiative called ‘Enriching teaching evaluation’. The goal is to supplement the current use of student evaluation of teaching and learning (SELT) as the primary avenue for the evaluation of teaching in the College and more broadly at ANU. They intend to pilot an approach that will complement student evaluations with peer review, expert review and lecturer reflection to inform future course development and teaching practice.
**ARC DISCOVERY GRANT – FRANK JOTZO AND PETER WOOD**

In October, Frank Jotzo (with Peter Wood) was awarded an ARC Discovery grant for a project titled ‘International coalitions for climate change mitigation: the role of carbon market linkages and trade restrictions’. This project uses cooperative game theory, implementation theory and agent-based modelling to investigate how coalitions to reduce greenhouse gas emissions could be formed and maintained among countries. Applications include the role of carbon market linkage and trade policy, in countries of the Asia-Pacific region.

**ARC DISCOVERY GRANT – PREMA-CHANDRA ATHUKORALA AND PETER ROBERTSON**

Prema-chandra Athukorala (with Peter Robertson) received an ARC Discovery grant for a project titled ‘Sustaining India’s economic transformation: challenges, prospects and implications for Australia and the Pacific region’. India’s emergence from economic stagnation is beginning to have a profound impact on the world economy, including Australia. This project aims to investigate the sources of India’s growth and the reforms needed to ensure that growth generates reductions in poverty and ensures equity and political stability.

**ADB INSTITUTE ADVISORY COUNCIL APPOINTMENT – STEPHEN HOWES**

In September, Professor Stephen Howes was appointed as one of the seven new members of the Asia Development Bank (ADB) Institute Advisory Council by the President of the ADB, Haruhiko Kuroda.

**DOCTOR OF LETTERS – PETER DRYSDALE**

On Friday, 16 July Emeritus Professor Peter Drysdale AO was awarded an honorary Doctor of Letters at a ceremony at The Australian National University.

---

**FOREST BIODIVERSITY, CLIMATE CHANGE AND GOVERNANCE**

*Presentation by Crawford School Professor Luca Tacconi at the 2010 Crawford Fund Annual International Conference*

Crawford School Professor Luca Tacconi presented a paper on forest biodiversity, climate change and governance at the 2010 Crawford Fund Annual International Conference, held on 30 August – 1 September at Parliament House. The conference focused on food security imperatives in relation to biodiversity conservation.

The key points of Luca Tacconi’s presentation were as follows:

- Corruption and illegal logging are widespread in tropical forest countries. Development aid programs should therefore support improved regulatory frameworks aimed at reducing corruption and illegal logging, and the strengthening of law enforcement capacity.
- Capacity-building activities should aim to build a national institutional capacity to map carbon stocks and track deforestation, so that areas can be set aside for biodiversity conservation and for agriculture. Unless biodiversity conservation and agricultural production are considered explicitly, carbon conservation activities could have undesirable impacts.
- When designing a carbon pricing mechanism, the Australian government should consider the development of regional or bilateral carbon markets. Allowing a regulated, limited share of carbon credits from forestry in the region to offset emissions in Australia would contribute to lower carbon prices in Australia. Limiting the amount of forestry credits that can be offset would ensure that the price of carbon is sufficiently high to bring about a reduction in emissions by Australian polluters while contributing to forest conservation in the region.

The Crawford Fund was established in June 1987 by the Australian Academy of Technological Sciences and Engineering. It was named in honour of the late Sir John Crawford and commemorates his outstanding services to international agricultural research. The Crawford Fund is a non-profit, non-government organisation dedicated to raising awareness of the benefits to developing countries, and to Australia, of international agricultural research. The Fund depends on grants and donations from governments, private companies, corporations, charitable trusts and individual Australians.

The Fund, which is not associated with the Crawford School, promotes and supports international R&D activities in which Australian research organisations and companies are active participants. One of its key activities is the organisation of an Annual International Conference on agricultural research issues.