

## News from the Centre for Applied Macroeconomic Analysis Issue 3, May 2008

### Welcome

Welcome to the third edition of the CAMA newsletter. The second quarter of 2008 has been a productive one with a substantial expansion of the Advisory Board guiding CAMA. Fourteen additional board members have accepted our invitation to provide input into the direction that CAMA takes in the future. We also welcome new Visiting Fellows and have a number of visitors planned as well as major events. Research output has been strong.

Preparations for a workshop and a conference both to be held this year are well underway. The workshop "Frontiers in Financial Econometrics" will be held jointly between the Finance and the Macroeconomy Program and the National Centre for Econometric Research (NCER) at the Queensland University of Technology in July (see details below). The Finance and the Macroeconomy Program and the Fiscal Frameworks Program are involved in the organization of a major international conference "Sovereign Wealth Funds in an Evolving Global Financial System". The conference is to be held jointly with the Lowy Institute for International Policy and Mercer investment consulting. For further details on these and other developments in CAMA please see the relevant sections below.

### Board News

CAMA began four years ago with a small Advisory Board consisting of representatives of academia, policy institutions and the private sector with an interest in applied macroeconomics. With the expansion of CAMA, continual input from intellectual leaders on the direction CAMA is heading, both in terms of research priorities and outreach strategies, becomes increasingly important. Our goal is to make major contributions to important global policy debates based on rigorous empirical research and drawing on the world's leading scholars involved in networks beyond CAMA. To this end we are reconstituting and expanding the Advisory Board.

The current Advisory Board is:

**Dr Mardi Dungey**, Senior Research Associate and Deputy Director at the Centre for Financial Analysis and Policy, University of Cambridge, UK

**Dr Malcolm Edey**, Assistant Governor (Economic), Reserve Bank of Australia

**Mr Robert Elstone**, Managing Director and CEO, Australian Securities Exchange

**Professor Allan Layton**, Dean of the Faculty of Business and Pro Vice-Chancellor (Institutional Partnerships), University of Southern Queensland, Australia

**Professor Guay Lim**, Head of the Applied Macroeconomics Research Program, University of Melbourne, Australia

**Professor Adrian Pagan**, Professor of Econometrics, Queensland University of Technology and University of New South Wales, Australia

**Dr Martin Parkinson**, Secretary, Department of Climate Change, Australia

**Dr Ric Simes**, Director, Access Capital Advisers, Australia

We are delighted to welcome our newest Advisory Board members, and look forward to working with them.

**Professor Robert Buckle**, Pro-Vice-Chancellor, Victoria University of Wellington, New Zealand

**Professor Carlo Carraro**, Professor of Environmental Economics and Econometrics, University of Venice, Italy

**Dr Gang Fan**, Director, National Economic Research Institute, China, and Board Member, People's Bank of China

**Professor Jeffrey Frankel**, James W. Harpel Professor of Capital Formation and Growth, Harvard University

**Dr Reuven Glick**, Group Vice President, International Research, Federal Reserve Bank of San Francisco

**Professor Miranda Goeltom**, Senior Deputy Governor, Bank Indonesia

**Professor Clive Granger**, Professor Emeritus, University of California, San Diego (*Nobel Laureate in Economics*)

**Dr Arthur Grimes**, Senior Fellow, Motu Economic and Public Policy Research, and Chairman of the Board of the Reserve Bank of New Zealand

**Professor Lawrence Klein**, Benjamin Franklin Professor Emeritus of Economics, University of Pennsylvania (*Nobel Laureate in Economics*)

**Dr Sharon Kozicki**, Research Director, Bank of Canada

**Professor Robert Mundell**, Professor of Economics, Columbia University (*Nobel Laureate in Economics*)

**Mr Bandid Nijathaworn**, Deputy Governor, Financial Institutions Stability, Bank of Thailand

**Dr Grant Spencer**, Head of Financial Stability, Reserve Bank of New Zealand

**Professor Heizo Takenaka**, Professor, Global Security Research Institute, Keio University, Japan, Former Minister of State for Economic and Fiscal Policy in the Japanese Government

### Visiting Fellows

We are pleased to announce that two new Visiting Fellows will be located in CAMA offices over coming months.

Dr Timo Henckel

1 July 2008 – 30 June 2009

Dr Henckel will work on issues relating to monetary policy, welfare costs and central banking and asset pricing.

Mr Ralph Ashton

Wentworth Group of Concerned Scientists

22 May - 22 November 2008

Mr Ashton will work on the importance of terrestrial sequestration of carbon in subtropical forests and how to build this into a carbon pricing policy framework.

### Visitors

Several offices are available for use by research associates who would like to spend some time visiting CAMA in the Sir Roland Wilson Building at the ANU. For further information about the possibility of visiting CAMA, please contact [cama.admin@anu.edu.au](mailto:cama.admin@anu.edu.au).

Visitors in the past quarter include:

Dr Chrismin Tang

La Trobe University

5 – 7 May 2008

Prof Pierre Siklos

Wilfrid Laurier University

21 - 24 April 2008

Dr Barbara Buchner

International Energy Agency

14 - 18 April 2008

Upcoming visitors include:

Bruce Preston  
Columbia University  
Dates to be confirmed

Professor Wing Thye Woo  
Brookings Institution  
13 – 16 July 2008

Dr Jaime Alonso-Carrera (joint visitor with the School of Economics, ANU CBE)  
Universidade de Vigo, Spain  
24 July – 30 September 2008

Professor Michael Intriligator  
University of California, Los Angeles  
28 July – 1 August 2008

Professor David Vines  
Oxford University  
10 – 30 September 2008

Professor Stefan Gerlach  
University of Frankfurt  
Dates to be confirmed

### **New Research Associate**

CAMA would like to welcome Professor Jakob Madsen of Monash University to the Behavioural Macroeconomics program and look forward to productive interactions.

### **New Working Papers**

10/2008

[What Does a Free Trade Area of the Asia-Pacific Mean to China](#)

By T Jiang and W McKibbin.

9/2008

[Macroeconomic Effects from the Regional Allocation of Public capital Formation](#)

By J Alonso-Carrera, MJ Freire-Seren and B Manzano.

8/2008

[American and European Financial Shocks: Implications for Chinese Economic Performance](#)

By R Tyers and I Bain.

7/2008

[Sovereign Theft: Theory and Evidence About Sovereign Default and Expropriation](#)

By M Tomz and MLJ Wright.

6/2008

[Inflation Dynamics with Search Frictions: A Structural Econometric Analysis](#)

By MU Krause, D Lopez-Salido, and TA Lubik.

5/2008

[Service Oligopolies and Australia's Economy-Wide Performance](#)

By R Tyers and L Rees.

Click the title to download a paper. The entire CAMA working paper series is available on the website:

<http://cama.anu.edu.au/publications.asp> or through Repec: <http://econpapers.repec.org/paper/acbcamaaa/>

If you would like to submit a paper for inclusion in the working paper series, please email it to your program director.

## Publication News

The following CAMA Working Papers have been published in academic journals. Congratulations extend to all authors.

If your Working Paper has been published, please let us know so that the website referring to your working paper can be updated with the final version by forwarding the publication details to [cama.admin@anu.edu.au](mailto:cama.admin@anu.edu.au).

22/2006

“An Explicit Inflation Target as a Commitment Device”

By J Libich.

This Working Paper has been published in the *Journal of Macroeconomics*, vol. 30, no. 1, pp. 43-68.

25/2005

“The US Treasury Market in August 1998: Untangling the Effects of Hong Kong and Russia with High Frequency Data”

By M Dungey, C Goodhart and D Tambakis.

This Working Paper has been published in *International Journal of Finance and Economics*, 2008, 13, pp. 40-52.

23/2005

The Diverging Patterns of Profitability, Investment and Growth of China and India, 1980-2003

By EX Fan and J Felipe.

This Working Paper has been published in *World Development*, 2008, vol 36, no 5, pp 741-774.

## Congratulations

Professor Don Harding, co-director of the Macro-econometric Models and Methods program was awarded a Thompson Scientific Citation Award for 2008 at the National Press Club in Canberra in April in recognition of the high citation rate of his economic papers. For further details see

[La Trobe University Media Release](#)  
[Announcement at SBS World News](#)

## Program Directors' News

Dr Timothy Kam is pleased to announce that research associates from the Macroeconomic Theory program, are involved in organising the 3<sup>rd</sup> Workshop on Macroeconomic Dynamics and the Australian Research Council (ARC)'s Economic Design Network (EDN) Winter School on Money and Pricing. The 3<sup>rd</sup> Workshop of Macroeconomic Dynamics (WMD) will be hosted by the Centre for Macroeconomics and the Department of Economics at the University of Melbourne on July 2-3, 2008. Plenary speakers for the workshop include Randall Wright (University of Pennsylvania) and Stephen Turnovsky (University of Washington).

The annual Summer/Winter School, a key project in the ARC's EDN for 2008 will consist of two mini-courses on Money and Pricing, which will be taught respectively, by Professors Randall Wright (University of Pennsylvania) and R. Preston McAfee (CalTech, Yahoo).

## Event News

### *Upcoming CAMA Conferences*

The Finance and the Macroeconomy program, in conjunction with the Financial Econometrics program at the National Centre for Econometric Research (NCER) at the Queensland University of Technology (QUT) are jointly hosting a two-day workshop at QUT on July 23<sup>rd</sup> and 24<sup>th</sup> called “Frontiers in Financial Econometrics.” Yacine Ait-Sahalia from the Bendheim Center at Princeton University and David Hendry from Nuffield College at Oxford University will be among the presenters. For further details on this workshop see <http://cama.anu.edu.au/events.asp>

The Finance and the Macroeconomy program and the Fiscal Frameworks program together with the Lowy Institute for International Policy and Mercer investment consulting will co-host a conference on “Sovereign Wealth Funds in an Evolving Global Financial System” in Sydney on 25 and 26 September 2008. There has been a significant growth in Sovereign Wealth Funds that are currently estimated to hold close to \$3 trillion in assets. These funds have been around for many years, initially holding reserves generated by resource rich economies (particularly oil exporters) but in recent years they have been established by countries running large current surpluses and cumulating foreign exchange reserves to be invested. Recently Australia established the Future Fund to manage the assets generated from fiscal surpluses. This two day conference will bring together leading practitioners who

manage the Sovereign Wealth Funds and leading researchers and policymakers to address a number of key issues. What is the current and expected scale of these funds?; do they matter from an economic and or political perspective?; how are they and how should the funds held in these institutions be managed?; does the source of the funds have any implication for the investment strategies?; should these funds be self regulated or is there a need for an international agreement dealing specifically with the code of practice of Sovereign Wealth Funds? Further details on this conference will be available on the webpage <http://cama.anu.edu.au/events.asp> shortly.

#### *Upcoming Local and International Events*

CAMA and the Economics Program at the Research School of Social Sciences, ANU, are co-hosting a seminar by Professor Michael Intriligator of the University of California, Los Angeles. Professor Intriligator will present a seminar on "Addressing Global Challenges with Scientific Innovation" on Tuesday 29 July 2008 at a time and venue to be announced.

#### [The 3<sup>rd</sup> Workshop on Macroeconomic Dynamics](#)

2 – 3 July 2008

Melbourne

#### [ARC EDN Winter School on Money and Pricing](#)

4 - 8 July 2008

Melbourne, Australia

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