THE ECONOMIC RESEARCH CENTRE AT UWA

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Discussion Paper 89.16
July 1989

ISSN 0811-6067
ISBN 0-86422-748-5

Economic Papers forthcoming

April 1989

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The Economic Research Centre is active in four main areas, (i) postgraduate training; (ii) the compliance cost of taxation; (iii) demand analysis; and (iv) the economics of the mining industry.

1. Postgraduate Training

In 1987 and 1988 the Centre organized conferences in Perth for promising, young Ph.D. students in economics and business. This initiative has attracted students from all major Australian universities, as well as from the University of Canterbury (in New Zealand) and Hitotsubashi University (in Japan). The students had the benefit of comments on their papers from prominent, senior economists from Australia, New Zealand, Japan, Korea, Malaysia and Singapore.

The 1988 Conference Program is given in the Appendix to this paper. The Centre is now producing a volume containing a selection of the papers from the 1988 conference and is planning a third conference for November 1989.

A number of UWA research students are also involved with the Centre's activities. Their research includes the economics of protection, exchange rates, financial economics and demand analysis.

2. Compliance Costs of Taxation

The Centre is undertaking two major studies on the compliance costs of taxation in collaboration with the Department of Accounting and Finance at UWA. The first assesses the compliance costs of personal income tax, and the second, the compliance and planning costs of income tax for listed public companies. This is the first research in this area in Australia.

A survey of 7,000 individual taxpayers has been completed. Initial (unweighted) results indicate that the average Australian taxpayer spends 13

hours compiling a tax return and pays \$240 for professional advice. The costs for self-employed taxpayers are much higher (31 hours and \$680), as is to be expected.

All publicly-listed companies (about 1,900) have been surveyed regarding their compliance costs of income tax and the responses are currently being analyzed. This project is being funded by the Business Council of Australia and the Australian Tax Research Foundation.

3. Demand Analysis

This research is concerned with a number of recent innovations including the development of new functional forms; the demand for groups of goods with applications to meats and alcohol; advertising and consumption; the use of computer simulation experiments to analyze how econometric procedures work under ideal circumstances where everything is known; cross-country consumption comparisons; and the development of large databases on consumption patterns. For an overview of this material, see Clements (1988).

To give a feel for this work, Figure 1 (from Clements and Selvanathan, 1987) plots the percentage change in the consumption of alcohol (relative to income) against the percentage change in its relative price for Australia, the UK and the USA. In each case the points are scattered around a negatively-sloped regression line, indicating that consumption grows less rapidly when the relative price rises. Consequently, the law of demand holds even for alcohol. The slope of the line is the price elasticity of demand. Interestingly, the slopes are approximately the same in all three countries, which shows that the response of drinkers to prices is the same no matter where the drinkers are located. In other words, certain economic forces transcend national boundaries.

Figure 1

The Centre has developed DAP (the Demand Analysis Package), a PC package for students and researchers working in applied demand analysis. The package tabulates and graphs consumption data, computes a variety of index numbers, estimates demand elasticities and provides recently-developed data analytic techniques. The main attraction of the package is its convenience and ease of use. The package runs on IBM-compatibles.

The program diskette and documentation can be obtained by writing to

DAP
Economic Research Centre
Department of Economics
The University of Western Australia
Nedlands WA 6009
Australia

The cost is \$A10 (or \$US10). Please enclose payment in the form of a cheque payable to the ERC. The development of DAP has been supported in part by the WA Department of Resources Development and the Department of Economics, UWA.

4. The Mining Industry

The Centre provides advice to the Chamber of Mines of WA on economic issues. Last year the Centre completed a major study for the Chamber on the economics of the mineral sands industry (rutile, ilmenite, zircon and monazite).

Each week the Centre conducts a survey of forecasts of gold prices made by Australia's leading analysts. A summary is then published in the form of a graph every Tuesday in *The West Australian* newspaper. The following is a recent graph:

This project is being carried out in collaboration with the Chamber of Mines of WA and *The West Australian* newspaper.

Professor Larry A. Sjaastad, from The University of Chicago, is visiting the Centre to work on the project "Exchange Rates, World Commodity Prices and the WA Economy." This project is being financed by the Minerals and Energy Research Institute of WA, the Chamber of Mines of WA, the WA Farmers Federation and the Confederation of WA Industry.

For further information about the Centre contact

Mrs. Anne Webber
Secretary
Economic Research Centre
(09) 380-2931

APPENDIX

THE INTERNATIONAL ECONOMICS POSTGRADUATE RESEARCH CONFERENCE
NOVEMBER 1988

1. Australian Economic Policy Issues

Chairman: Paul Miller, Department of Economics,
The University of Western Australia.

Jacqueline Dwyer, Department of Economics, The University of
Queensland, "Issues in the Measurement of Australia's
Competitiveness".

Tai-Tee Chia, Department of Economics, Research School of Social
Sciences, The Australian National University, "Has the
Value of a Degree Fallen?".

Discussants: Ric Simes, Commonwealth Department of Treasury.

Tom Karmel, Commonwealth Department of
Employment, Education and Training.

2. Macroeconomics

Chairman: John Marsden, Australian Bankers' Association.

David Gruen, Department of Economics, The Faculties, The Australian
National University, "Ignorance and Ricardian
Equivalence".

Hugh Sibly, Department of Economics, The University of Melbourne,
"Modelling Information Flows in Customer Markets".

Discussants: Tom Nguyen, Department of Economics,
The University of Adelaide.

Geoffrey Kingston, Department of Economics,
The University of Sydney.

3. First Special Lecture

Chairman: Peter Kenyon, Department of Economics,
Murdoch University.

Robert Gregory, Centre for Economic Policy Research, The Research
School of Social Sciences, The Australian National
University, "Jobs and Gender: A Lego Approach to the
Labour Market".

4. International Economics I

Chairman: Bruce Bacon, Centre of Policy Studies,
Monash University.

Toru Nakakita, Department of Economics, Hitotsubashi University,
"The Globalization of Japanese Firms and its Influence on
Japanese Trade".

David Vanzetti, School of Economics, La Trobe University, "A
Game-Theoretic Analysis of Agricultural Trade Policy".

Discussants: Peter Urban, Commonwealth Department of Foreign
Affairs and Trade.

Rodney Tyers, Department of Economics,
The University of Adelaide.

5. Econometrics and Finance

Chairman: Philip Brown, Department of Accounting and
Finance, The University of Western
Australia.

Jenny Lye, Department of Economics, The University of Canterbury,
"On the Exact Distribution of a Ratio of Bilinear to
Quadratic Forms in Normal Variables with Econometric
Applications".

Christopher Jones, Department of Economics, The Faculties, The Australian National University, "Firm Dividend Policy and Taxation".

Discussants: Ray Byron, Department of Economics, National University of Singapore, and Department of Statistics, The Faculties, The Australian National University.

Robert Officer, Graduate School of Management, The University of Melbourne.

6. China, Korea and World Markets

Chairman: Paul Moy, Confederation of W A Industry.

Yang Yongzheng, National Centre for Development Studies, The Australian National University, "China's Textile and Clothing Exports".

Chung-Sok Suh, School of Economics, The University of New South Wales, "The Import Demand for Fuel Inputs by the Korean Electricity Sector".

Discussants: Alan Powell, Impact Research Centre, The University of Melbourne.

Inchul Kim, Department of Economics, Sung Kyun Kwan University.

T. Takayama, Japanese Studies Unit, Department of Economics, The University of Western Australia.

7. Agricultural Economics

Chairman: Alistair Watson, Australian Bureau of Agricultural and Resource Economics.

Geoff Kaine-Jones, Department of Agricultural Economics and Business Management, The University of New England, "Modelling the Formation of Price Expectations".

John Salerian, Japanese Studies Unit, Department of Economics, The University of Western Australia, "An Economic Evaluation of On-Farm Soil Salinity in Western Australia".

Discussants: David Giles, Department of Economics,
The University of Canterbury.

Alan Woodland, Department of Econometrics,
The University of Sydney.

8. Second Special Lecture

Chairman: Alan Powell, Impact Research Centre,
The University of Melbourne.

David Giles, Department of Economics, The University of Canterbury, "Recent Developments in Econometrics: Lessons for Applied Economists".

9. International Economics II

Chairman: Robin Ghosh, Department of Economics,
The University of Western Australia.

Fari Moshirian, Department of Economics, Monash University, "Determinants of International Investment Income Flows".

Kim Tan, Department of Econometrics, The University of Sydney and School of Economics, The University of New South Wales, "Public Policies on Savings in Open Economies".

Carunia Firdausy, Department of Economics, The University of Newcastle, "Economic Factors in Assessing Species for Mariculture in Developing Countries: Review and Research Plan".

Discussants: Masahiro Okuno-Fujiwara, Department of Economics,
The University of Tokyo.

George Fane, Department of Economics,
The Faculties, The Australian National
University.

Mohammad Alias, Department of Economic
Statistics, Universiti Kebangsaan,
Malaysia.

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