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## Newsletter #53

Economic Society of Australia,  
New South Wales Branch,  
**November 2018**

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Dear friend,

Please find below the ESA NSW Branch Newsletter for November 2018.

## Upcoming Events

Seminar: Europe's Long-Term Growth Prospects: With and Without Structural Reforms

**Abstract:** The Euro area economy has been growing over the past few years but this cannot hide the fact that average growth for the area has been extremely poor since the onset of the global financial crisis. This poor debt record has been an important factor in leaving many European governments with high levels of public debt relative to GDP, while a number of these economies still have high levels of various forms of private debt.

Governments also have substantial unfunded commitments to provide pensions, medical coverage, and other social services in the future ageing populations. A return to higher levels of growth is likely to be necessary if European governments are to be able to honour their commitments and maintain debt stability. Much of the dialogue in European policy circles reflects this thinking with a steady focus from organizations such as the European Commission and the European Central Bank (ECB) on the need for growth-enhancing structural reforms. However, despite the ubiquity of the phrase 'structural reforms', there is a very limited empirical literature explaining precisely what is meant by structural reforms and the magnitudes of the potential impacts that such reforms could have on the growth rates of individual euro area member states or the euro area as a whole. This talk examines prospects for growth in the euro area, both with and without structural reforms. It follows up on an earlier paper that focused on trends in European growth rates up to mid-2006. Here, we update the calculations from our 2008 paper and provide projections for growth in the euro area up to 2060 based on a recovery scenario over the rest of this decade and long-term demographic trends. We then describe the potential impact of structural reforms relative to this baseline scenario.

**Karl Whelan** has been a Professor of Economics at University College Dublin since 2007 and a CEPR Research Fellow. Previously, he worked for eleven years in central banks, first at the Federal Reserve Board and then at the Central Bank of Ireland. His research is concentrated on applied macroeconomics. Prof. Whelan is a member of the Royal Irish Academy and currently a member of the Monetary Experts Panel, which advises the

European Parliament's Committee on Economic and Monetary Affairs. He also blogs on macroeconomic issues at [www.karlwhelan.com](http://www.karlwhelan.com). He holds a PhD in economics from MIT. This event is brought to you by ESA NSW Branch and the University of Sydney



## THE UNIVERSITY OF SYDNEY

### Trivia Night 2018

The Young Economists Network invites its members, Economic Society of Australia members, young professionals, academics & students, and friends to a night of trivia fun and networking. The trivia will cover general knowledge questions and economics questions. Finger food will be provided.

**PRIZES** for the winning team and prize for the best team name will be awarded on the night.

For all multi-person bookings, you will need to enter the names and email addresses of your team in the spaces provided so that we can send confirmation emails and gather any special dietary requirements. This information can be updated by the booker at any time by logging into the ESA website and navigating to **My Payments / Edit Event Attendees** via the **My Menu** bar. You can also use your credit card to pay for this event in this area of our website.

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## Latest News

### Security Upgrade

Our website hosts recently reviewed their security procedures and have introduced more robust measures which means that all members have had their passwords re-set (sorry!). Please update your password when time permits by following the below steps.

**Step 1** - Login to the [members area](#) in the top right hand corner of the ESA NSW Home Page. Use the [Forgotten Password link](#) and enter your email address and the security code to prove you're not a robot. You will receive the randomly generated password via email or SMS if we have your phone number recorded.

**Step 2** - log in using that new password.

**Step 3** - If you want to choose a new password, you can easily do so by clicking on the My Profile tab on the My Menu bar. If you do make such a change, don't forget to click on Update My Details to save it.

Note that any new password you choose will need to comply with password rules that it must be at least 8 characters long, and contain at least one upper case character, one lower case character and one numeric character.

The security upgrade remains a work in progress and further enhancements are expected in the very near future.

### Banking Royal Commission and the Credit Crunch

The steady stream of systemic misbehaviour by financial institutions, revealed this year by the [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#) has been nothing short of shocking. Among the numerous examples, the practice of [collecting life insurance premiums from the dead](#) springs to mind.

The Commission's recently released Interim Report did not make any recommendations for legislative or regulatory change, but recommendations are expected in the Commission's Final Report due by February 2019. Hopefully, the Royal Commission's "sunlight" will lead to meaningful and effective reform and cultural change, and some "disinfection" of the financial sector which, in the long run, could benefit the economy as a whole.

However, since the release of the Interim Report, concerns have been raised by some – including, according to reports, the [Australian Treasury and the Reserve Bank of Australia](#) – that the Commission's recommendations, or pre-emptive actions taken by regulators and/or financial institutions themselves, could result in a "credit crunch" that could hit Australian businesses and households. According to [this](#) report in the Australian Financial Review yesterday: "[Treasurer Josh Frydenberg has signalled he must balance cracking down on nefarious misconduct in the industry and ensure credit keeps flowing](#) to borrowers to grow the economy." Will (or should) these macroeconomic concerns soften policy makers' responses to the Royal Commission?

To shine some extra light on this matter, our October poll asks the Economic Society of Australia's **National Economic Panel (NEP)** for their opinions on the following two propositions:

**Proposition 1:** "There is a significant risk that, either as a result of the findings and recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry or as a result of the financial institutions' response to those findings, credit will become less readily available to Australian households or businesses."

**Proposition 2:** "Assuming credit becomes less readily available to Australian households or businesses, this will in turn have adverse consequences for the performance of the Australian economy."

Background information (provided to panellists)

- Patrick Hatch & Eryk Bagshaw (The Age, 1/10/18) '[House prices have biggest drop since GFC amid warnings of credit crunch](#)'
- John Kehoe (AFR, 1/10/18) '[RBA, Treasury warn regulatory response to Hayne commission risks credit crunch](#)'
- Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry - [Interim Report](#)

Read the Poll results [here](#)

Collaborator credits: we would like to thank Saul Eslake and Rod Maddock for their assistance in framing this poll question and expert overviews of the results.

Read the overviews of the results - by [Saul Eslake](#) and by [Rodney Maddock](#)

### That's NOT all folks...

When you look at the poll results, panellist comments and overviews you will see that there were differing opinions on the importance of the macroeconomic implications of current and future responses to the Royal Commission relative to how policymakers might deal with the misbehaviour of banks and other financial institutions. The Royal Commission has raised many economic, policy and regulatory questions and more will surely emerge between now and the release of the Final Report next February. We intend to follow up with another NEP poll on the Royal Commission focusing on other (micro or regulatory) propositions, findings or recommendations. We welcome your suggestions on this and other questions for the NEP. Submit your question ideas [here](#).

### Graduate Events



Councillors of the Economic Society (NSW) were pleased to attend the **Job Truth Series at UTS** and provide insights into careers in economics.

The panel discussed the skills economists need, the range of jobs available for economists, and the future of the economics profession.

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### Other Events

Cost-Benefit Analysis Workshop Presented by Dr. Peter Abelson

#### Workshop Content

Peter Abelson will provide a comprehensive and contemporary 2-day workshop on CBA. The 8 sessions over the 2 days will include power point presentations of the core issues in CBA, discussion questions and case studies.

The presentations will cover: Fundamentals of CBA including key metrics (NPV and BCR), valuation principles, forecasting in CBA, valuation methods, discount rates, dealing with risk and uncertainty, assessing distributional effects, and comparison of CBA and other evaluation methods.

There will be discussion questions for participants for each session. Participants will also be invited to provide notice of any issues of concern to them in advance so that the presenter can ensure, as far as is feasible, that they are covered in the workshop.

The case studies will include transport projects, place making / urban development, education, health, environmental issues, major events / stadiums and privatisation of public assets.

Participants will be provided with full sets of power point presentations, a mini-textbook on CBA covering the 8 workshop topics and case study materials. Food and drinks are included.

#### Presenter

Dr. Peter Abelson has a Ph.D in Economics from London University. He held a Chair in Economics at Macquarie University from 2001 to 2006 and taught public economics at Sydney University from 2007 to 2012. Peter was author of the re-drafted Commonwealth Handbook of Cost-Benefit Analysis (Department of Finance, 2006) and he peer-reviewed the Victorian Treasury Economic Evaluation for Business Cases (2013) which recommends use of CBA and the NSW Guide to Cost-Benefit Analysis (2017). He has regularly run 2-day workshops on CBA, for many years for the Institute of Public Administration as well as for new graduates of NSW Treasury. Peter is a Director of

Applied Economics P/L. In this capacity, he is a part-time adviser to NSW Treasury.

#### **Workshop Fee and Registration Process**

To register, you may either complete [registration form](#) and email to:

[events@appliedeconomics.com.au](mailto:events@appliedeconomics.com.au) or register via the website [www.appliedeconomics.com.au](http://www.appliedeconomics.com.au)

The standard registration fee is \$990 (including GST) per participant. A discount to \$800 (including GST) per participant is applied to any additional participants from one organisation.

Following acceptance of registration (subject to space availability), an invoice for payment to Applied Economics P/L will be requested.

In the event of unscheduled cancellation, any payments will be refunded.

ABE Annual Dinner and Briefing

Australian Business Economists are pleased to present their annual dinner including a briefing and discussion with Dr Guy Debelle, Deputy Governor, Reserve Bank of Australia on *Recent Developments in the Domestic and International Economy*.

#### **Details:**

- Dinner includes pre-dinner drinks, three courses and beverages
- Cost: \$195 members, \$235 non-members, \$2250 tables (of 10 guests each)
- Dr Debelle has agreed to take questions from the floor. There will be no live broadcast of this function.
- Enquiries: [info@abe.org.au](mailto:info@abe.org.au) or call 0419 256 339
- Click [here](#) to book online

#### **Dr Guy Debelle**

Guy Debelle commenced as Deputy Governor of the Reserve Bank of Australia on 18 September 2016. He is Deputy Chair of the Reserve Bank Board and Chair of the Reserve Bank's Risk Management Committee. He is a former chair of the Australian Foreign Exchange Committee and also chaired the BIS Foreign Exchange Working Group responsible for the development of the Global Code of Conduct for the Foreign Exchange Market.

Prior to his current role, Dr Debelle was the Assistant Governor (Financial Markets). In that role, he had oversight of the Bank's operations in the domestic and global financial markets, including the management of Australia's foreign reserves. He briefed the Reserve Bank Board on developments in financial markets at the monthly Board meetings. Dr Debelle also worked at the International Monetary Fund, Bank for International Settlements, Australian Treasury and as a visiting professor in economics at the Massachusetts Institute of Technology (MIT). He graduated from the University of Adelaide with an honours degree in economics and gained his PhD in economics at MIT under Stanley Fischer and Rudi Dornbusch. Dr Debelle is a signatory to The Banking and Finance Oath.

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## Careers and Graduate Opportunities

Advertising an economics position on the ESA website is a good way to get wide exposure for a role. If you would like to advertise a role on the website, please contact our [administrator](#) for more information. There is a small fee of \$110 inc GST.

Below are some recent opportunities:

GenIMPACT – NHMRC Centre for Research Excellence – PhD stipend

Macquarie University is currently advertising one Domestic PhD Scholarship funded by the NHMRC Centre of Research Excellence in Neurocognitive Disorders (CRE-NCD).

The period of candidature and scholarship is three years, full-time. Professor Deborah Schofield will supervise the student.

**GenIMPACT** is a newly established centre that undertakes innovative economic research on the impact of genomic testing and targeted therapy on patients and their families. GenIMPACT is participating in an NHMRC funded Centre for Research Excellence in Neurocognitive Disorders (CRE-NCD) led by UNSW. The CRE-NCD team comprises researchers and clinicians in neurogenetics research, genomics, bioinformatics, functional analysis, health economics and clinical practice.

Early genomic diagnosis is critical due to the degenerative nature of some disorders, the potential for effective treatment in a proportion of cases during a critical window of development and the importance to families in understanding the likelihood of recurrence and reproductive planning. The capacity to triage patients most likely to have a condition that has a genetic cause could play an important role in maximising the cost effectiveness of genomic testing.

This PhD research program will focus on the benefits to the individual and society of genomic diagnostics and the most cost-effective mechanisms for their delivery. Links to other PhD projects across the CRE will be encouraged. This research could identify those patients most likely to benefit from early access to genomic sequencing, with a potential concomitant increase in the diagnostic rate and cost effectiveness of the use of Whole genome sequencing (WGS) and whole exome sequencing (WES).

#### **What we offer:**

The full-time stipend rate associated with the scholarship is \$27,200 per annum tax exempt for up to three years.

In addition to the stipend, Macquarie University provides approximately \$10,000 over the

course of the PhD for research related activities (data collection/purchase, travel to present at conferences, training, copy editing, thesis production etc).

**For more information:**

Professor Deborah Schofield (via PA Philippa Smith | [Email](#) | Phone: +61 2 9850 4882)

Click [here](#) to apply

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