

Introduction to the Bobfest

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I Background to the Bobfest

On 16 June 2005 the Economics Programme and the Centre for Economic Policy Research, at the Research School of Social Sciences (RSSH) of the Australian National University (ANU), convened a conference to celebrate the career of Professor Robert George (Bob) Gregory. The event became known as 'the Bobfest'.¹

The timing of the Bobfest needs some explanation. Bob has not retired from being a Professor of Economics, and, using the fullest sense of that term, it is unlikely that he ever will. Playing in the garden seems a possibility, but golf and fishing do not, and Bob will undoubtedly do 'a Fred Gruen', and continue to participate in the research and intellectual lives of the economists at the ANU and the rest of the world.

This posed a small dilemma to the organisers of the Bobfest. Given that he would never really retire, but knowing that he had relinquished the post of Head of the Economics Programme at the end of 2004, sometime in 2005 seemed right. June 16, 2005, was chosen as it was the only continuous 24-hour period that year during which both Dan Hamermesh and Richard Freeman, two of Bob's closest overseas colleagues, were available.

Providentially, the editors of the *Economic Record* offered to publish the proceedings of the occasion in this issue of the journal, as a tribute to the contributions that Bob has made to the economics profession in Australia. In this introductory piece we give a brief history of Bob's career (more full-blown versions are in the papers by Max Corden and Jeff Borland), describe the background to the choice of the papers for the

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¹ This term appears to be attributable to Dan Hamermesh.

Bobfest, and offer a selective account of the fun aspects of the lunch and dinner communications at the Bobfest. Finally, we summarise the papers presented during the more academic proceedings. Hopefully, what follows will enable readers to grasp why Bob has declared: 'It is not possible to adequately describe how pleased, happy and special I felt on June 16th and at seeing the draft of this issue of the *Economic Record*. It was an extraordinary thing to be treated so well for a whole day, to be the centre of attention and to feel surrounded by so many colleagues who thought well of me. For this my heartfelt thanks to the organisers, and especially to Bruce Chapman, Paul Frijters and Paul Miller.'

*II A Short History of R.G. Gregory's Career*²

Bob Gregory was born in 1939 and raised in Coburn, a lower middle class and unexceptional suburb in the north-west of Melbourne. As a youngster he was interested in and good at sport, and in his own words not the academic type: he said for the interview for his 2001 Economic Society of Australia Distinguished Fellow Award that he 'wasn't all that smart'.

He contracted polio at the age of 14, and this had a significant effect on his life, essentially putting an end to his active involvement in sport and perhaps even opening up the prospect of a more academic orientation. He enrolled in a Bachelor of Commerce degree at the University of Melbourne, and believes that this was not strategic, rather reflecting his lack of choice, with him saying: 'I couldn't do Arts because I had no languages, and I had no Science.' Nevertheless Bob did outstandingly well in his Bachelor's degree, finishing top in just about all of his subjects.

² Much of this material is taken from Chapman (2002). All quotations in this section are from pp. 129–130 of this reference.

He was awarded a Commonwealth Scholarship for Postgraduate Study in the UK and chose to go to the London School of Economics (LSE) to do his PhD, instead of Cambridge or Oxford. He explained this decision with the words: 'I didn't want to be at a place where students weren't allowed to walk on the grass.'

From the late 1960s to the middle of the 1970s, Bob pursued his interest in international trade at both Northwestern University and later at the ANU, where he has remained since. He was in fact enticed to the ANU by Bill Phillips to introduce the first coursework PhD program in Australia. He attributes much of his immediate success to Fred Gruen and Trevor Swan, two outstanding heads of department who, Bob reports, supported him and made him feel secure as he struggled with the early problems of writing and publishing. Indeed, Bob regards the most important opportunity in his life as the privilege of being in a full-time research position in the Research School of Social Sciences next to the Australian Public Service.

A number of people are acknowledged by Bob to have helped his intellectual development over the last 40 years.³ At the University of Melbourne, there was Max Corden, who, according to Bob, showed in every undergraduate class how important it is to be clear and to really understand what you know and what you do not. At the LSE, there was Max Steuer, who Bob says showed him how to be even bolder in research and how to love economics as a living thing and a craft rather than something you read about in a text book. At Northwestern, there was Frank Brechling, who, especially in his early research work at the LSE, showed Bob how to make progress putting data and theory together. Brechling was the first academic to show Bob that the best way to find interesting ideas and to think in creative ways was to focus on practical policy issues, reside in a university, but spend a lot of time talking and mixing with public servants. Almost all Bob's early ideas – the application of hedonic price indexes to inter-

³ Bob is also quick to acknowledge the contribution to his career of the exceptional professional women who managed large parts of his life. Rae Carson, Cathy Baird, Margi Wood and Eva Klug. When they were running his life he hardly missed a meeting or made a mistake! He also emphasises: 'Perhaps most important of all, I was especially fortunate with emotional stability in my life provided by two special and wonderful wives and partners, Annette and Meng Xin.'

national trade, the role of non-price market clearing mechanisms in international trade, the Gregory thesis, hysteresis in the labour market, the role of institutions in determining women's pay and the growing inequality by geographical area in Australia – came from mixing with public servants and looking at data in response to the simple question: What is going on?

Other important influences on his early career were Noel Butlin and Peter Sheehan. According to Bob, Peter Sheehan was special, as we all need someone to talk to and who listens to flights of fancy with a sympathetic ear and pretends that each time you tell the same story they are hearing it for the first time and seeing new insights. Ron Duncan and Jonathan Pincus also played a similar role during part of Bob's life. Later, at Harvard, when Bob had the Australian Studies Chair in 1983, he reports that Richard Freeman always responded positively and was a role model to follow with his zest and commitment to new ideas. Bob's visit to Harvard, and his interaction with members of the National Bureau of Economic Research, was important in terms of turning his attention increasingly to labour economics.

As well as his extraordinary contribution to research, it is important to record that Bob has had a major interest and participation in public service. This began with his appointment as a First Assistant Commissioner in the Industries Assistance Commission (now the Productivity Commission) in the 1970s. It was at the Industries Assistance Commission that Alf Rattigan taught Bob how to make progress in bureaucracies by the simple tricks of knowing where you want to go and then just doing it. Bob was on the Board of the Reserve Bank of Australia from 1985 to 1995, and the then-Governor has recorded that Bob's ability to explain complex concepts in a simple fashion and to tease out the implications of the data from a graph meant that he had a profound effect on the deliberations of the Board. He also served on the Wran Committee,⁴ was a member of the Employment Opportunities Committee that resulted in Working Nation in 1994, and has recently had significant input into the agenda of the State Development Planning Commission of the People's Republic of China. Recently, Bob has contributed to a deeper understanding of work and

⁴ It is notable that this Committee was the first to think through and endorse Australia's then unique higher education financing plan, HECS.

welfare policy issues with the Department of Family and Community Services.

In addition to these, there has been a multitude of less formal contributions that Bob has made to policy debate. He has been a broad interpreter of economic issues, and is relied upon heavily by the media. His commentaries on issues ranging from understanding unemployment, assessing labour market programmes, explaining male/female wage differentials, dissecting welfare policy, describing neighbourhood effects on labour market success, and assessing disability support pensions are well known and have contributed to on-going policy development both in Australia and abroad. There have probably been over 1000 Bob Gregory radio/television interviews on these topics.

He was elected a Fellow of the Academy of Social Sciences in 1979, listed in the international *Who's Who in Economics* (for the first time in 1986), made an Officer in the Order of Australia for contributions to economics (in 1996) and was made the 2001 Distinguished Fellow of the Economic Society of Australia. He is a distinguished fellow indeed.

III The Selection of the Papers for the Bobfest

A critical set of decisions with respect to the intellectual and research aspects of the Bobfest concerned the choice of participants for the day's proceedings. The main organisers, Paul Frijters and Bruce Chapman, felt it was important for Bob himself to have an input into these choices. So in three-way discussions it was decided that a mixed portfolio of papers would do nicely, with a special weight being given to contributions from Bob's many former PhD students. Those in this category invited and/or volunteering were Paul Miller, Boyd Hunter, Akira Kawaguchi, Anne Daly, Karen Mumford and Meng Xin.

A second category of papers involved combining history and the personal, and to this end it seemed apposite to ask Max Corden to reflect from his long interaction with Bob, beginning when Max taught Bob as an Honours student at the University of Melbourne. To cover the latter part of Bob's career, which has been dominated by an interest in labour economics, it was thought that there would be no better than Jeff Borland who had spent several years as a visitor to the Economics Programme under Bob's Headship. In recognition of the famous 'Gregory thesis', involving the consequences for domestic manufacturing of a mining boom, Peter Warr offered a paper exploring the thesis' contemporary relevance for Laos.

Dan Hamermesh and Richard Freeman were considered to be compulsory participants, as well-known representatives of Bob's international connections and friends.

That left one slot, and it was decided that there needed to be representation from the current crop of economists at RSSS. Paul Frijters volunteered, but insisted that his contribution be a joint exercise with Bob Gregory. Both Bruce Chapman and Bob himself warned him of this folly, but to no avail. Nevertheless, a fine paper was written.

IV The Lunch and the Dinner

It was obviously essential that the Bobfest be memorable for its recognition of his intellectual, policy and research contributions. However, something else mattered significantly: it had to be memorable fun as well. This latter aspect was thought at the time to be fairly unchallenging, simply because Bob is a perfect figure for fun: he has scores of well-known foibles; he is never boring; he is held in high affection; and, incredibly, he never seems to mind being chortled at. This aspect of the Bobfest was planned with anticipation, creativity and relish.⁵

With Adrian Pagan as Master of Ceremonies, the dinner 'activities' included memorable and warm vignettes via video from Bob Haveman, Bobbi Wolfe, Alison Booth, Deborah Cobb-Clark, Suiwah Leung and Tim Smeeding, short contributions by Jeff Harmer (who spoke admiringly of Bob's positive policy role for the Department of Family and Community Services), Dennis Trewin (who acknowledged the major part Bob had played in data collection for the Australian Bureau of Statistics), and, on the academic side, reflections by Don Aitken, Jeff Williamson and Glenn Withers. John Quiggin and Geoff Brennan both wrote and sang irreverent and splendid songs about Bob.

At the end of proceedings there was a very special surprise in the form of an apparent interview of Bob by the ABC's star journalist, Kerry O'Brien. This involved using some of Bob's more generic answers to questions, and then rewriting the questions, all designed to make him look silly. One example is that, to the Bob answer 'Yes, I agree strongly with both of those points' the

⁵ The more personal aspects of the Bobfest, including the lunch and dinner speeches and videos, are all available on an excellent DVD, mostly filmed by Alex Bonazzi, and painstakingly put together by Paul McLeay and Drew Treasure with some help from Bruce Chapman.

question preceding from the interviewer was 'Well, Professor Gregory, here we are tonight celebrating your alleged achievements as an economist, but how do you react to the widely held view that your work is both shallow and misinformed?'. Most importantly for the success of this endeavour was that Kerry O'Brien himself agreed to tape the questions. Drew Treasure from the ANU travelled to Sydney to do the recording. We acknowledge here our gratitude to Kerry O'Brien for being part of the fun, and for helping write some of the questions.

V A Summary of the Bobfest Papers

Boyd Hunter discusses his doctoral and post-doctoral research on neighbourhood inequality and indigenous issues, to show how Bob Gregory can influence the development of ideas, and popularize research themes through his knack for seizing on a simple empirical fact and presenting it in a powerful way. In doing this, Boyd documents the increasing neighbourhood inequality in Australia, and explores various reasons for this. Among these is an increase in assortative mating. Boyd's coverage of Bob's (and his own) research on indigenous issues demonstrates Bob's willingness to address relevant social issues.

Dan Hamermesh's paper attempts an evaluation of the impact of visits to the ANU RSSS' Economics Programme on the visitors' subsequent research. He uses a novel evaluation technique involving the visitors and matched controls. His findings suggest that the academic visits examined generated additional Australia-focused research. When this research is valued using scholarly citations received and the effects of citations on salaries, the monetary impact appears substantial. The RSSS Visitors' Programme is suggested as a useful way to import intellectual capital, and Dan applauds Bob Gregory's role as an intellectual labour-market intermediary who fosters this type of import and thus produces a large value-added for Australia.

The starting point for the Birch and Miller paper is Bob's interest in the family in his economic research: an interest that pushes the boundaries of conventional economic models that tend to focus on the individual. Such boundaries did not provide much of a restraint on Bob's work, and his crossing, or forcing outwards of, the boundaries generated a certain richness to his work. This is evident in his work in the early 1980s on the concentration of unemployment, and has carried through to his more recent contribution on intermarriage and the economic assimilation of immigrants. Birch

and Miller find that the wage advantages associated with marriage for men in Australia vary according to the educational attainment of the wife, her employment status and with the presence of young children in the family. These findings show that a focus on the family can enhance understanding of many labour-market outcomes.

Daly, Kawaguchi, Meng and Mumford take up another theme from Bob Gregory's research. In the 1980s, Bob and a number of co-authors compared the gender wage gap in Australia with that found in other countries. These cross-country comparisons, undertaken before it was fashionable to do such research, showed that country-specific factors, and in particular the institutional environment, were largely responsible for the differences in the relative size of the gender wage gap across countries. Using more recent, and arguably superior, data, Daly *et al.*'s extensive analyses for Australia, Japan, France and the UK show that Gregory's results relating to the importance of country-specific institutions still hold.

Peter Warr provides an analysis of a major investment project on the Nam Theun River in the Lao People's Democratic Republic, using a framework based on Bob's 1976 study of the growth of the minerals sector in Australia. Commonly known as the 'Gregory thesis', this framework has a focus on the macroeconomic effects of large foreign exchange flows, specifically an appreciation of real exchange rates with a resulting reduced competitiveness, and hence contraction, of both export-orientated and import-competing industries. Warr shows, using a small computable general equilibrium model of the Lao economy, that the economic insights developed by Gregory three decades ago are relevant for economic policy analysis in Laos today. This finding is testimony to both the relevance of Bob's work, and to the longevity of his most insightful pieces.

Richard Freeman's paper is about how other countries may be able to learn from the institutions and policy setting in Australia. Three areas, labour relations and the awards system of pay determination, privatisation of public services, and growth through immigration and natural resources, are offered as illustrations of where the Australian experience provides insights into economic behaviour and the operations of markets more broadly. Richard argues that the world can learn a great deal from study of the Australian economy, and hence can and has learned a great deal from Bob Gregory's research that has 'focused almost exclusively on the Australian economy'.

The final paper in this issue is by Paul Frijters and Bob Gregory. It serves two purposes. First, it is a novel academic contribution. Second, it illustrates perfectly the many points that other contributors have made about Bob's scholarly endeavour in this issue. The paper outlines Australia's economic performance since 1970, drawing attention to the golden age of solid growth in real wages up to the 1970s, and then a long period of real wage stagnation to the mid-1990s. Trends in employment are similarly reviewed, with attention to the loss of full-time male jobs, and a growth in the number of men on income support.

The review of the data, assembled into several compelling graphs, raises major issues: Why did the golden age come to an end? What role did institutions play in the change? What impact did the dismantling of the institutional framework have? A graphical framework is presented to help answer these and related issues. And the paper ends with the inevitable 'many questions outstanding'. Clearly, the paper shows that the comments by Borland, Corden, Hunter and others about Bob's approach to research remain as accurate today as they have been over the past 40 or so years.

VI Sponsorship and Other Help

The Bobfest was a very significant undertaking. It involved the work of many, and a not

inconsiderable budget. It is of interest to note that all potential sponsors approached were very enthusiastic about helping, this being a clear reflection of the esteem in which Bob Gregory is held. Those contributing were: the Reserve Bank of Australia; the Australian Bureau of Statistics; the Department of Family and Community Services; the Research School of Social Sciences (ANU); and the National Institute for Economics and Business (ANU).

In terms of organisational input the Bobfest owes a very considerable debt to Lesley Elliott and Drew Treasure. A special mention should also be made of both the specific and general contributions to the Bobfest of Paul Frijters. Without the commitment and professionalism of Lesley, Drew and Paul, Bob Gregory would not have had the celebration he so clearly deserves.

All academic papers appearing in this volume were fully refereed, and those assisting with this task are thanked for their considerable input.

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