

MEETING REPORT

NZESG CELEBRATES PROFESSOR CLIVE GRANGER'S NOBEL AWARD

*Report of the
12th New Zealand Econometrics Study
Group meeting
Wellington, New Zealand
17–18 October 2003*

VIV HALL

Victoria University of Wellington

CHIROK HAN

Victoria University of Wellington

CHRISTOPHER PLANTIER

Reserve Bank of New Zealand

PETER THOMSON

Statistics Research Associates Ltd., New Zealand

The 12th meeting of the New Zealand Econometrics Study Group (NZESG) was held in Wellington at the Reserve Bank of New Zealand on Friday afternoon, 17 October 2003, and at Old Government Buildings, Victoria University, on Saturday, 18 October 2003. It was well attended by approximately 50 participants (7 from overseas) with a full program of 20 speakers, including an opening address by Dr Alan Bollard, Governor, Reserve Bank of New Zealand. Full details of the program, including abstracts and photographs of the event, are available at the conference web site <http://www.vuw.ac.nz/nzesg/> and at the NZESG home web site <http://yoda.eco.auckland.ac.nz/nzesg/>.

The NZESG was formed in 1997 by Professor Peter Phillips (Yale University and Auckland University) with the help of other leading New Zealand econometricians. Its aims are to foster theoretical and applied econometric research in New Zealand, to advance econometrics teaching and practice in New Zealand, and to encourage collegial interaction between local and overseas econometricians.

Professor Clive Granger (University of California at San Diego) was the invited speaker for the Wellington NZESG meeting. Clive is a frequent and very welcome visitor to New Zealand, but this was the first occasion that he had spoken to an NZESG meeting. Like the rest of the econometrics profession, we were well aware of Clive's highly original and pathbreaking contributions to econometrics. That these accomplishments should result in his being awarded the Nobel Prize in Economics (jointly with Professor Rob Engle, New York University) was not in itself a surprise. However the fact that the announcement came just over a week before the Wellington NZESG meeting was an unexpected bonus.

To mark the occasion, the meeting began with a tribute to Clive's achievement. After welcoming Clive and all other NZESG participants, Professor Viv Hall (Victoria University of Wellington) gave a short address highlighting Clive's published work in the areas of causality, spurious regression, spectral analysis, and cointegration. Although this list is by no means exhaustive, these topics are particularly well known, not least because of their widespread empirical relevance and through their essential elements having been communicated so clearly by Clive to both specialist and wider audiences. Viv also noted that Clive's influential work in cointegration (the work that the Nobel Prize Committee singled out for special mention) had led to the Reserve Bank of New Zealand pioneering the use of cointegration in a large-scale macromodeling con-



The audience for the sessions on applied econometric modeling for policy purposes

text in the late 1980s and early 1990s. At the conclusion of Viv's tribute, the NZESG meeting expressed their appreciation to Clive and his remarkable achievement by giving him a standing ovation.

Governor Alan Bollard then gave an opening address which served as an excellent introduction to the Friday special theme of applied econometric modeling for policy purposes. He reflected on the evolution of econometrics from an era of limited analysis using computer programs of punched cards to the opportunities provided by the vastly improved computing resources available today, both in scale and speed. This evolution (more a revolution) has also allowed a broader audience of policymakers to engage with econometrics and econometricians to improve policy analysis. Indeed, the aim of Friday's sessions was to appeal to this wider audience and to demonstrate that econometric modeling is used in a wide variety of policy areas. Both sessions, the first on macroeconomic modeling and the second on microeconomic modeling, comprised excellent and interesting papers that were all well received by commentators and participants alike.

Clive Granger gave his invited address first thing on Saturday morning and spoke on "Country models and global models: A new set of research tools?". This presentation had all the Granger hallmarks of clarity of vision and stimulating ideas. The discussant was Professor Adrian Pagan (Australian National University and University of New South Wales) who rose to the occasion with

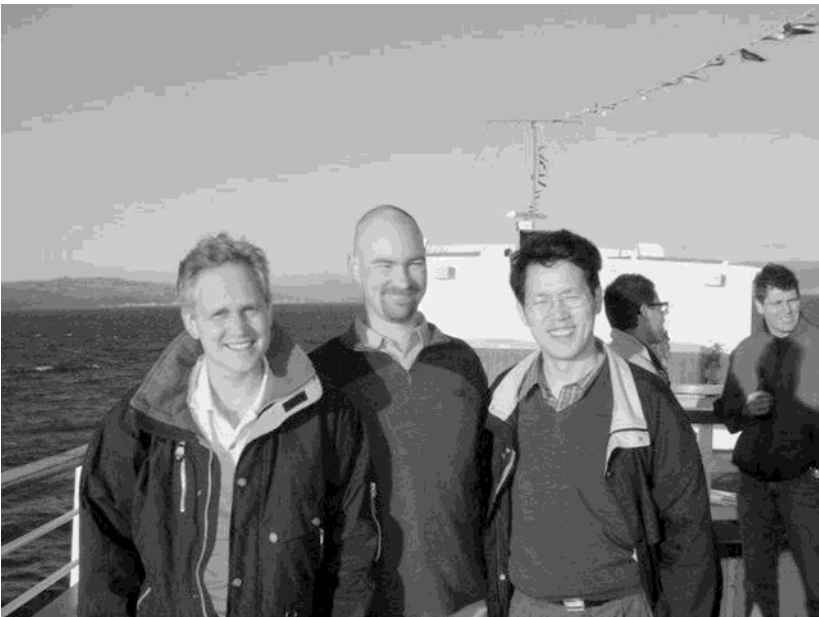


Clive Granger delivering his invited paper on Saturday morning

a spirited commentary, which he prefaced, after declaring himself one of Caesar's centurions, by a quote from Caesar: "Veni, vidi, vici." Given Adrian's surname this did seem a somewhat risky analogy. Nevertheless he carried it off with aplomb and provided a stimulating and thoughtful commentary. The remaining sessions of the morning were primarily devoted to theoretical econometric research, including an excellent paper by Professor John Knight (University of Western Ontario) on the efficient estimation of Markov processes, as well as a number of high-quality papers by younger econometricians.

The first speaker after lunch was Adrian Pagan whose interesting paper explored the role of inventories in the business cycle. This was followed by two papers focusing on macroeconomic issues. After tea, there was a final session on financial econometrics. The quality of the papers given and of the discussants' commentaries was uniformly high throughout all sessions on both Friday afternoon and Saturday. Testimony of this was the high attendance at the last session on Saturday (approximately 30 people) which finished at 5 p.m. A highly enjoyable boat cruise and conference dinner on Wellington Harbour topped off an excellent conference.

Overall, the program was strong and diverse with something of interest for all, whatever their econometric or economic background. Although attendance was slightly larger than in the past, the event retained much the same character as previous meetings and was a memorable experience for all, from both pro-



Young econometricians enjoying a beautiful evening cruise on Wellington Harbour

fessional and personal points of view. As the last photograph shows, throughout their stay in Wellington, the NZESG participants also experienced the beautiful weather that Wellingtonians are accustomed to.

Finally, we are pleased to take this opportunity to acknowledge the generosity of our sponsors: the Reserve Bank of New Zealand, Statistics Research Associates Ltd., and Victoria University of Wellington. Their support has been a key factor in ensuring a successful meeting. We would especially like to acknowledge the advice and support willingly provided by Peter Phillips and by Donggyu Sul (Auckland University). Most important, we would like to thank all the speakers and discussants for their contributions—without them and the participants there would, of course, be no meeting.

November 2003