

## **Reminiscences of an “Accidental Economist”**

**By Suiwah E. Leung**

I was born in Hong Kong in 1947, two years after my parents and my three siblings escaped from China and took refuge in that amazing island towards the end of WWII. Some of my earliest memories were those of my Chinese relatives flooding into the city and into our home within years of the communist revolution in 1949. These relatives arrived with suitcases-full of useless Chinese currencies which were given to me and my siblings to play with as “monopoly money” because the then Chinese communist regime had brought in a new currency. Although I was far too young at the time to realize it, that was my first encounter with wholesale confiscation of citizens’ wealth by an authoritarian government. Much later on in life, I was to encounter this same phenomenon professionally in Vietnam in 1985 when the then Vietnamese government brought in a new currency (the “new” dong) to replace the “old” dong – one new dong equating to ten old dongs – more of that later.

### ***My Move to Australia***

Having escaped from the Japanese invasion and the subsequent communist revolution in China, my father who was a very far-sighted businessman and a living embodiment of the “rational economic man”, decided to send his children to study in Sydney in the early 1960s when rumblings of what later became the “cultural revolution” in China began to cause disquiet in the then British colony of Hong Kong. My siblings went into undergraduate studies at the universities of Sydney and NSW while I was put into the final year of primary school, with not a word of English – a language which I very quickly

learnt from the Irish nuns at my school. This influenced my belief (later confirmed through experience) that bright young Asian students in Australia, once they are submerged in the culture and given appropriate English-as-second- language tuition, can learn English quite quickly provided they are discouraged from initially staying in their ethnic enclaves and speaking only their native tongues.

I was a young teenager when I first met the late Professor Helen Hughes. Helen was lecturing in a subject called “Descriptive Economics” to my sister who was enrolled in a Commerce degree at UNSW. Even in those early days of the 1960s, Helen was very much interested in the welfare of Asian students in Australia, and asked to meet my sister’s family. That was my first encounter with UNSW, and later when it came to my time to go to university, I simply drifted into Commerce like my sister, without much idea of what I wanted to do. However, accountancy I found numbingly boring; hence, I majored in economics which was for me intellectually much more challenging. By that time, Helen had already left UNSW. She later took up a position at the Research School of Pacific Studies, ANU.

### ***PhD Studies in the USA***

My next encounter with Helen Hughes was in 1982 in Washington DC where I accompanied my late husband, Ron Dean, who was posted to the World Bank as Australia’s executive director, and Helen was an economist working in the senior echelons of the Bank. After some years working professionally in the Reserve Bank of Australia and then in the Office of National Assessments in the Australian public service, I had decided at that stage to further my studies in economics by doing a PhD. I took Helen’s advice and did my studies at Johns

Hopkins University in Baltimore, under the tutelage of Carl Christ, Masahiro Kawai, Bela Balassa, and Alan Walters who, at the time, was commuting between London and Baltimore as the monetarist guru and economic advisor to Margaret Thatcher.

I also gave birth to two babies (a son and a daughter) whilst doing my PhD at Johns Hopkins. The support I had from that community and from my late husband, Ron, enabled me to continue with my studies and professional life with hardly any break. This was truly “liberating” when, during the 1980s, most women in Australia were still expected to choose between having children and having a fulltime career.

Meanwhile, in early 1983, Helen had returned to Australia, became influential in foreign aid policy mainly through the Jackson Committee on Australian foreign aid of which she was deputy chair, working closely with Peter McCawley as a Committee Member. Around the same time, Helen set up the National Centre for Development Studies (NCDS) at the ANU.

### ***Back to Australia and the NCDS***

Upon my return to Canberra in 1987, Helen recruited me into the Centre, initially as a lecturer in macroeconomic policies for developing countries, and later also as director of the Masters/PhD Program in the Economics of Development -- a position which I occupied throughout all of the 1990s until 2003. This PhD program had two years of coursework (to ensure that students from across different parts of the world have the same basic theoretical and technical knowledge) and three years of research. Those who did not qualify for research received a Masters degree after the two-year coursework, and

those who did not qualify to progress after the first year were awarded a graduate diploma.

The NCDS was the institution through which Helen and I put into practice our vision of international education for Australia. That vision has as its principal goal, the accumulation of **high-quality** intellectual capital through educating students in Asia and the Pacific in economics and related disciplines of demography and development administration so that our graduates can return home and contribute to the economic and social development of their countries. As economists and graduates in the related disciplines are mainly employed in the public sphere in developing Asia and the Pacific, the intellectual capital thus accumulated benefit principally the governments and people of the developing countries. The unique feature of the NCDS was that this goal had to be achieved at **zero financial cost** to the University.

### ***Managing the Economics of Development Program – the Supply-Side.***

The constraint of zero financial cost to the University was met through restructuring the teaching arrangements within the ANU. As I was in charge of the flagship economics of development program, I will document this arrangement within that program. The other two programs (demography and development administration) also had similar arrangements.

At the beginning of the 1990s, there were some 65 economists employed within the university, being spread amongst five schools and centres; namely, the Faculty of Economics and Commerce (the Faculties) which specializes in highly-reputed undergraduate courses including at the honours level, the Economics Department in the Research School of Pacific and Asian Studies

(RSPAS) with economists actively working and publishing on the economies of Asia and the Pacific, the Economics Department within the Research School of Social Sciences (RSSS) with economists actively working and publishing on the Australian economy, the Australia-Japan Research Centre (AJRC) with economists researching on economies of Japan and China, and then the NCDS.

The economists in the Faculties were already teaching courses in micro and macroeconomic theory, statistics and econometrics up to the honours level. Our international students at the NCDS undertook those theory courses in the Faculties together with the Australian students, and did development and policy-oriented courses taught at the Centre. For that, the NCDS, through the fees received from our international students, paid the Faculties a fee equivalent to the additional cost of teaching our students. For PhD supervision, economists from the research schools (notably Bob Gregory, Deborah Cobb-Clark, Hal Hill, Peter Drysdale, Ross McLeod, Ross Garnaut and others) all participated, as well as, of course, the economics staff from the Centre. Again, a fee for service was negotiated. Provided the international students were of high quality (more about this in a minute), everyone was happy teaching and supervising them. This system of organization was known as the Graduate School, and the graduate school of economics was working particularly well, with the NCDS as the principal international student recruitment centre and specialist in teaching development policy, and the other departments cooperating in the teaching/ supervision of students, and most importantly, in the *maintenance of academic standards*. Unfortunately, the Graduate School was dismantled during subsequent administration of the University in the mid-2000s in favour of the seven Colleges, and the much-respected Dean of the Graduate School, John Hooper, left the ANU.

### ***Managing the Economics of Development Program – the Demand-Side***

As for the quality of international students, I, as program director, operated from the principle that there are four categories in the universe of international students:- (1) those with brains and money; (2) those with brains and no money; (3) those with money and no brains; and (4) those with no money and no brains. Forget category (4). Everyone wants category (1) and hence they are hard to get. Even so, we did have some successes, notably in the case of Michael H. from the US. Michael worked for the large investment firm, Franklin Templeton in San Francisco and, after graduation, rose to become known in the finance world as “Mr bonds” (note the plural). Michael told me that at one time, he was representing his firm in a delicate negotiating matter with the government of the Philippines. When he walked into the room, the person seated across the table was the then assistant governor of the Central Bank of the Philippines, and a former classmate of his at the NCDS. Needless to say, the meeting went extremely well -- more on this “network effect” later in relation to our Vietnam Project.

Despite certain notable successes with category (1) students, I was dealing essentially with categories (2) and (3). I focused on (2) – students with brains and no money -- and proceeded to find scholarships for them. These scholarships came in the form of development assistance funding from the Australian government (AusAID), and from international organizations such as the World Bank, the International Monetary Fund, the Asian Development Bank, and Winrock International. Scholarships from the international organizations were won through competitive tendering based on the quality of our Economics of Development program against similar programs in

universities worldwide. Once the funding was obtained, we were able to allocate the scholarships to the best international applicants. AusAid scholarships were somewhat different, and the competition was with similar programs in other Australian universities. However, as AusAid had objectives other than just accumulation of human capital (for example, specific country allocations, specific courses of studies, etc), their scholarships were more constrained, and in general, student quality was somewhat less than optimal.

### ***International Education in Australia Today***

Many Australian universities subsequently engaging in international education have a different but related set of goals and constraints to the NCDS. Their goal seems to be to ***maximize the revenue*** to the university, subject to the constraint of meeting a certain minimum standard or ***quality*** of education.

In theory, the two sets of goals and constraints should give the same outcome, but in practice, they are very different. The reason is that whilst the constraint of zero cost is a “hard” constraint, the constraint of minimum “quality” is “rubbery”. When push comes to shove, it is always tempting for academic managers in those universities to earn some extra dollars through (marginally) lowering the entry standards and the quality of their degrees, since the extra revenue earned is an immediate sign of “success” (the goal being met) whilst the falling quality of the degree is detected much later, perhaps long after the academic managers have been promoted to other more senior positions. As a result, international education in recent years acquired somewhat of a mixed reputation in Australia, with international students regarded as “cash cows” by

some institutions. This is not at all what NCDS stood for and indeed achieved in the 1980s and 1990s.

### ***Vietnam Studies and Vietnamese Students at the ANU in the 1990s***

Somewhat similar to how I “stumbled” into economics, I began my interest in the Vietnamese economy almost by chance when I admitted the first batch of Vietnamese students into the Economics of Development program in 1991 – within years after Vietnam began its major economic liberalization or “doi moi” formally announced in the Party Congress of 1986, but with no serious implementation until 1989.

From the end of the Vietnam War in 1975 and throughout the 1980s, Vietnam’s communist regime ran a Soviet-style centrally planned economy so that very few (if any) Western-trained economists was interested in (nor indeed had the tools) to study that particular type of economy. On the other hand, academics in other disciplines such as David Marr (history), Ben Kerkvliet (sociology), Esther Unger (linguistics) were actively working in the country. These researchers put ANU “on the map” as far as Vietnam was concerned so that when the major economic reforms/liberalization were implemented in 1989 and the country needed economists trained in the Western mixed economy market system, ANU became the university of choice.

Dr Le Dang Doanh, then head of the Central Institute of Economic Management (CIEM) -- the principal economic research institute and advisor to the Vietnamese government -- visited the NCDS in 1990, within 12 months of major economic liberalization. The day I met with Doanh marked the beginning of a very fruitful and productive relationship between the NCDS and the CIEM,

and between Australia and Vietnam. Doanh who was himself educated in economics in the then West Germany, told me that apart from Australia, Sweden was the only other Western country that Vietnam was considering sending its scholars. Within Australia, ANU was the university of choice because of the reputation in Vietnam of scholars such as David Marr, Esther Unger, and Ben Kerkvliet. This underscores the importance of in-depth country and area studies in which RSPAS was engaged at the time.

In addition to the CIEM, graduates working in other Vietnamese institutions (including the National Economics University in Hanoi, the Economics University in Ho Chi Minh City, and even the Ho Chi Minh Academy of Politics and Public Administration in Hanoi – the training ground for senior echelons of the Vietnamese Communist Party) were keen to study in our Masters/PhD Program in Economics of Development. The major constraint was lack of funding as formal scholarship programs via AusAID and international economic organizations such as the World Bank and the ADB were not available until the latter began their operations in Vietnam in 1994. I therefore worked to channel AusAID funding through Winrock International and sent our academic and research skills advisor at the time, Billie Headon, to conduct English language and mathematics tests in-country. This resulted in the recruitment of 10 very bright Vietnamese students who studied in our program between 1991 and 1997. They were all awarded PhDs with distinction, and all but one returned home to advise their government and carry out economic reforms that formed the basis for lifting Vietnam from a poor war-torn country to the status of a middle-income country within 25 years. This group of students formed a very effective network both whilst they were at the ANU and after their return to Vietnam. In fact, they call themselves the “ANU mafia”, named

after the “Berkeley mafia” – a group of US-educated Indonesian economists who were given technocratic positions in the Suharto government in the late 1960s, and were generally credited for having brought the Indonesian economy back from the brink of disaster at the time.

### ***The “ANU Mafia”***

In contrast to the ethnic enclaves that have tended to develop in some Australian universities, this group of “ANU mafia” did their two-year coursework together with mainstream Australian students in the Faculties, oftentimes coming top and winning awards in the mathematical and quantitative subjects. Indeed, there is an Australian amongst this group of “ANU mafia” who subsequently settled in Hanoi and continued his career as economic consultant to this day. As for their PhD research, the students were keen to work on topics that had direct government policy significance for the Vietnam economy. As their academic supervisor, I became interested in Vietnam’s economic development myself, and began my own research and publications, at times in conjunction with the students.

Furthermore, in order to enhance the research experience for this cohort of students, I applied for and was awarded some \$400,000 in 1994 under the AusAID/DFAT institutional linkage grants project to run six-monthly workshops alternating amongst the CIEM in Hanoi, the Economics University in HCMC, and the NCDS/ANU in Canberra. Ron Duncan who was Director of the NCDS at the time, gave me significant support in this venture.

The cohort of PhD students working on the Vietnam economy would present their work-in-progress chapters as papers at the workshops. Presentations

were made in English, with other fellow students acting as interpreters into Vietnamese. In addition to some invited representatives from the linked institutions, the workshops were also attended by the then resident representatives of the World Bank, the International Monetary Fund, the Asian Development Bank, and the United Nations Development Program. These professional economists acted as discussants on the students' papers and gave valuable feedback to the students. In terms of research training, this project achieved the following for the students:-

- Discipline in their PhD research
- Relevant policy-focus in their research
- Linkage with their home institutions whilst studying in Australia
- Experience in oral presentations both in English and Vietnamese
- Discussions and comments from professional economists in their fields and working in Vietnam

These workshops, conducted between 1995 and 1998 (inclusive) also had the effect of forming close professional bonds amongst this cohort of students as well as with the resident representatives of the international economic organisations in Vietnam - a network that was used to mutual advantage upon the return of our students to their respective government ministries and universities in Vietnam. Two of these graduates rose to senior positions within the CIEM, including Vo Tri Thanh who became vice president of CIEM as well as one of the most famous economists in the country to date. Two others became rectors of major universities in Vietnam; one is a senior economist in the World Bank office of Vietnam, and another took up a senior academic position in the then Ho Chi Minh National Political Academy (later re-named the Ho Chi Minh Academy of Politics and Public Administration – the school for the senior echelons of the Vietnamese Communist Party). Another couple were

responsible for negotiating major trade agreements on behalf of Vietnam in the first two decades of this millennium.

### ***Vietnamese Students in the New Millennium***

This network of graduates also formed the basis for the recruitment of subsequent generations of Vietnamese students into the NCDS (now Crawford School of Public Policy). The current alumni from Vietnam total around 400. It is perhaps not surprising that such a large group of research students would spark interest amongst other academic staff in the Vietnam economy and environmental studies. These academics include Tom Kompas, Jeff Bennett, Premachandra Athukorala, and others.

As for myself, I co-authored five books and a number of published articles on the Vietnam economy. In a paper published in the Banca Nazionale del Lavoro Quarterly Review, Vo Tri Thanh and I pointed out that the confiscatory monetary reform carried out by the then Communist regime in 1985 where one “new” dong replaced ten “old” dongs, the entire experiment backfired on the government. The problem was that this move was announced two weeks in advance, and private households and traders holding cash immediately moved into gold and foreign currencies and the only people caught were the slow-moving State-owned Enterprises (SOEs). In the end, the government had to pay extra subsidies to the SOEs in order to bail them out. This convinced me that the Vietnamese households and private businesses react very quickly to market incentives, but the government machinery needed to understand how to manage a market economy.

### ***More Institutional Building with Vietnam in the New Millennium***

Therefore, between 2003 and 2006, with the help of a member of the “ANU Mafia” and the financial assistance of AusAID, I organised a series of workshops and delivered lectures at the Ho Chi Minh Academy of Politics and Public Administration on the topic of “The role of the State in a market economy”. Deborah Cobb-Clark and the late Brian Brogan were actively involved with me in these lecturing activities.

The feedback from the staff of the Academy pointed to the following benefits:-

- Exposure to a new way of thinking about the role of government in a market economy
- Useful teaching material for the Academy staff in their own courses
- Exposure to new teaching and learning experiences
- Exposure to rigorous and evidence-based methods of research

As the Academy is the training ground for senior echelons of the Vietnamese Communist Party, this project played a direct role in helping to educate the policy makers of the country.

The entire “Vietnam experience” has been highly satisfying both professionally and personally. It highlights the benefits for all parties involved that can flow from accumulating high-quality human capital through a network of graduate students and their home institutions. It also points to the importance of long-term relationships -- our association with Vietnamese students and their home institutions having lasted three decades. It is perhaps telling that during the

State visit in 2018 of Vietnam's now outgoing Prime Minister, Mr Nguyen Xuan Phuc, the ANU was the only university in Australia where he delivered an address and met with our staff and students.

I would also like to note the role the Australian government and AusAID played in this "venture", and hope that future generations of scholars and bureaucrats will build on this legacy.