Preface

MONASH is a dynamic model of the Australian economy. It has evolved over the last twenty years from ORANI, a comparative-static model published by North-Holland in 1982. During that period, our research has been financed largely by contracts for specific applications, ranging from micro issues such as the effects of building a new train line to macro issues such as the effects of introducing a GST. Reflecting our need to compete in the commercial consulting market, MONASH has a sharply practical focus: it fits periods of history; it explains historical events; it produces forecasts that cannot be immediately dismissed; and it generates interpretable policy-induced deviations from forecast paths.

The model was named in 1991 when our research group moved to the Centre of Policy Studies (CoPS) at Monash University. We thank senior officials at the University, particularly Richard Snape (then head of Economics), Gus Sinclair (then Dean) and Mal Logan (then Vice-Chancellor) for welcoming us, for arranging financial support and, most of all, for providing enthusiastic encouragement. We thank Alan Powell for leaving a prestigious job so that he could bring the IMPACT Project to join us at CoPS, thereby forming the CoPS/IMPACT group. This gesture and his efforts in generating financial support through IMPACT are deeply appreciated.

Several colleagues made substantial contributions to MONASH. Mark Horridge provided a series of brilliant technical ideas, including the use of homotopy variables and the formulation of cost-neutral shifts. Philip Adams worked on all parts of the model, but especially the forecasting facilities. In recent years he has generously taken a heavy consulting load, giving us more time for development work and writing. Daina McDonald specialized in data aspects of the model. Her work can be seen in the MONASH historical simulations and in the empirical representations of the balance of payments and the government accounts. Tony Meagher was responsible for the occupational and income distribution add-ons. Michael Malakellis contributed to the specification of investment in the model and Matthew Peter contributed to regional aspects. We thank them all.

Throughout our work on MONASH, we have gained enormously from being alongside Ken Pearson. The development and presentation of the model have been profoundly influenced by Ken's GEMPACK software. We thank Ken and his collaborator, Jill Harrison, for giving GEMPACK to us and to model builders around the world.

In preparing the book for publication we benefited: from comments by Alan Powell, Daina McDonald, Michael Kohlhass, Sharn Enzinger and a referee; from

meticulous typesetting by Louise Pinchen; and from secretarial services provided by Elvine Sullivan and Frances Peckham.

The book is dedicated to Brian Parmenter. For twenty-five years Brian has been a major contributor to research at IMPACT and CoPS/IMPACT, he has been a persuasive expositor and defender of modelling results in public debates, he has been a constructive critic of our papers, a staunch friend and a wise counsellor. It has been a privilege to work with him. We wish him well in his new career.

Melbourne, August, 2002

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