

The Australian Approach to Research Evaluation: Troubling Implications for Heterodox Economics*

Harry Bloch
Centre for Research in Applied Economics
School of Economics and Finance
Curtin University
GPO Box U1987
PERTH WA 6845
AUUTRALIA
h.bloch@curtin.edu.au

ABSTRACT

Australia has completed its first government sponsored evaluation of university research under the auspices of the Australian Research Council (ARC). Results from the evaluation exercise, Excellence in Research in Australia (ERA), were released early in 2011. ERA is distinctive in that it is designed to provide an evaluation of disciplines and sub-disciplines rather than individuals or administrative units, such as departments, schools or faculties. Each discipline and sub-discipline at each university is provided with a national rating against a corresponding world benchmark. Heterodox economics has been hidden in the classification scheme as it is only part of the sub discipline, “other economics”, along with comparative economics, ecological economics and a residual category of economics not elsewhere classified. “Other economics” did not fare well in the ERA, either in terms or quantity of research outputs reported or the quality rating assigned to these outputs. This paper analyses the biases built into the ERA process that contributed to this outcome. It also recommends changes to these processes that would result in a fairer evaluation of heterodox economics in the next round of ERA scheduled for 2012.

*The views expressed in this paper are those of the author alone and do not represent the position of any organisation with which he is or has been associated. Comments from Paul W. Miller are gratefully acknowledged.

1. Introduction

This paper reports on the outcomes for economics in general and for heterodox economics in particular from the recently completed evaluation of university research in Australia. The evaluation was conducted on behalf of the Australian government by its autonomous research agency, the Australian Research Council (ARC). The evaluation, Excellence in Research for Australia (ERA), was innovative in that it evaluated the quality of research by discipline groupings rather than administrative units (departments, school or faculties) or individuals. Subject to achieving a threshold quantity of research outputs, each discipline grouping at each university was ranked into one of five quality bands (well above world standard, above world standard, world standard, below world standard and well below world standard).

Heterodox economics was not evaluated separately in ERA. Rather, it was part of a residual category, other economics, which also included comparative economics, ecological economics and economics not elsewhere classified. Other economics did not fare well in terms of either the number of institutions at which it was evaluated or the quality ratings obtained. It obtained the threshold output of research output required for evaluation at only 6 of the 41 institutions included in ERA and had only one rating at the level of above world standard, one rating at world standard, one rating at below world standard and three ratings at well below world standard. This number of institutions evaluated was equal to the lowest of all sub disciplines of economics and the quality ratings were lower than for any of the other sub disciplines.

The analysis below suggests that the ERA evaluation was based on a highly distorted framework that put heterodox economics and its fellow travellers in the other economics category at substantial disadvantage compared to the rest of the sub disciplines in economics. Journal rankings that featured prominently in the evaluation process disproportionately favoured economic theory and econometrics as opposed to applied economics and, especially, other economics. The membership of the committee that recommended the ratings excluded any economist with expertise in any of the categories in other economics, but included economists working in all the rest of the sub disciplines, especially economic theory and econometrics. The exercise clearly failed in providing a full and fair evaluation of research that is covered by other economics as has been pointed out in a letter of protest to the CEO of the ARC by a prominent group of Australian heterodox economists.¹

The next section provides some context for ERA. This is followed by a review of the outcomes for the economics discipline and its sub disciplines. The rating evaluation process is then discussed, followed by a critique of the treatment of the sub discipline, other economics. Recommendations for improvements in the ERA process that would provide a fairer evaluation of the quantity and quality of research undertaken by heterodox economists in Australia are provided in the

¹ The letter dated 8 March 2011 is included as an appendix to this paper.

penultimate section, which is followed by conclusions and discussion of the worrying implications for the future of heterodox economics in Australia.

2. Background

The Australian university system is predominantly a public system with the Commonwealth (federal) government having primary funding responsibility.² The Commonwealth government regulates the maximum fee charged by any institution and the maximum funded enrolment for domestic undergraduate students at each institution, with top-up funding on the basis of an annually determined amount per full-time equivalent student, as long as the enrolment is within an institution's regulated enrolment target.³ Universities are allowed to set their own enrolment and fee levels for international students and for domestic higher degree by coursework students.⁴ The Commonwealth also provides funding for a specified number of fee-exempt students studying for higher degrees by research.

Tuition fees from the unregulated portion of the total student load for public universities, namely international undergraduate students and all coursework master and other higher degree students, account for an increasing share of total funding of universities.⁵ Further, the government has set in place a progressive removal of caps on funded enrolment levels for domestic undergraduates starting from 2012, which may lead to shifts in load across institutions. Thus, the public universities are faced with increasing uncertainty about their future tuition income streams.

In addition to funding related to student enrolments, universities receive funding from the Commonwealth specifically for research purposes. This funding is partly from competitive research grants awarded to individuals and research centres and partly from block grants designed to support research infrastructure. The block grants are determined by a formula related to the amount of competitive research funding received, the number of higher degree students completing and the number of publications in the categories of books, book chapters, articles in refereed journals and refereed conference publications. A minor fraction of university funding comes from contract research for governments and businesses, while an even smaller fraction comes from gifts from individuals and businesses.

² The two private universities, Bond University in Queensland and the University of Notre Dame in Western Australia, collectively accounted for approximately one percent of the total student load in the university system in 2008 (source: *Students, Selected Higher Education Statistics, Private Universities*, Australian Department of Education, Employment and Workplace Reform, <http://www.DEEWR.gov.au>, accessed 19 April 2010).

³ The amount per student varies across each discipline cluster and level of study. Economics is within the cluster with the lowest funding per student.

⁴ Most domestic undergraduate students pay their tuition fees using the Higher Education Contribution Scheme (HECS), which provides loans from the Commonwealth government repayable through future tax liability.

⁵ Overseas students accounted for 27 percent of the total student load of public universities in 2008, while postgraduate course work students (including overseas students) accounted for 22.5 percent (source: *Students, Selected Higher Education Statistics, Public Universities*, Australian Department of Education, Employment and Workplace Reform, <http://www.DEEWR.gov.au>, accessed 19 April 2010). The revenue per student from international and postgraduate students is generally notably higher than for domestic undergraduate students. Universities also receive revenue from offshore delivery of their courses and from licensing their courses to both offshore and onshore private providers

The publication data used in determining the block grants are quantity measures. With regard to the quantity of publications, Williams (2010) notes that the fastest growth in publications over the period, 2004 to 2008, is from ‘new universities’, institutions that have only been officially recognized as universities since a reorganization of the university system in 1987.⁶ Growth in publications, and hence in the amount of funding received from the block research grants, has been slower at the long-established universities.

The push for evaluating the research performance of Australian universities has come against the background of increasing competition for research funding and increasing uncertainty about student enrolments and resulting income. The evaluation conducted under Excellence in Research for Australia (ERA) builds on the quantitative information that is already collected for determining research infrastructure block grants.⁷ The ERA has provided quality ratings for each university in each discipline to match the quantity data previously collected. While no specific arrangements have yet been introduced, the clear intention is for the Commonwealth to eventually base the block grants on the quality as well as quantity of research at each university. It is also likely that funding for fee-exempt research students studying for higher degrees will be tied to quality ratings.

The intention to link quantity data to quality ratings provides a rationale for the innovation introduced by the Australian research evaluation exercise in terms of providing quality ratings across disciplines and sub-disciplines rather than by individuals (as in New Zealand) or by organizational units, such as departments, schools or faculties (as in Britain). A related distinctive feature of the Australian system is that all individuals with academic appointments are included in the evaluation, unless they are specifically classified as teaching only (a rarity at Australian universities).

The objectives of ERA as stated in ARC (2011) are as follows:

1. Establish an evaluation framework that gives government, industry, business and the wider community assurance of the excellence of research conducted in Australia’s higher education institutions.
2. Provide a national stocktake of discipline-level areas of research strength and areas where there is opportunity for development in Australia’s higher education institutions.
3. Identify excellence across the full spectrum of research performance.
4. Identify emerging research areas and opportunities for further development.
5. Allow for comparisons of Australia’s research nationally and internationally for all discipline areas.

⁶ This reorganization led to former colleges of advanced education and institutes of technology becoming universities and also led to a number of mergers of smaller institutions.

⁷ This information is collected annually as part of the Higher Education Research Data Collection (HERDC). Details of the information can be accessed at <http://www.innovation.gov.au/Research/ResearchBlockGrants/Pages/RBGFundingFormulaeData.aspx> (accessed 19 May 2011).

3. Quantity and Quality Measures

Table 1 shows the total number of items of research output in economics and each of its sub disciplines during the ERA census period of 1 January 2003 to 31 December 2008 across all reporting institutions. Research is classified according to the Field of Research codes (FoR) established by the Australian Bureau of Statistics (ABS). Economics is classified as a two-digit discipline, FoR 14, with four four-digit sub disciplines, FoR 1401 (economic theory), FoR 1402 (applied economics), FoR 1403 (econometrics) and FoR 1499 (other economics).⁸ Research output is separated into books, book chapters, refereed journal articles and refereed conference papers. The great bulk of output for all categories is in the applied economics classification (FoR 1402), with ten percent or less of output in each output category contributed by any of the other four-digit FoRs. Also, journal articles account for a substantial majority of the total number of pieces of output.

Table 1 – Economics Research Output by Sub Disciplines 2003 – 2008

Sub Discipline (FoR)	Books	Book Chapters	Journal Articles	Conference Papers	Total
Economic Theory (1401)	19	164	390	99	673
Applied Economics (1402)	127	1072	3177	867	5244
Econometrics (1403)	5	55	271	94	425
Other Economics (1499)	15	121	331	89	556
Total	167	1412	4170	1148	6897

Source: ARC (2011)

The quality ratings attached to research in each of the four sub disciplines of economics and to the overall discipline are shown in Table 2. The numbers in the table show the number of institutions that achieved a rating in each of the five quality bands, 5 (well above world standard), 4 (above world standard), 3 (equal to world standard), 2 (below world standard) and 1 (well below world standard). Institutions were rated only if they achieved a minimum of 30 weighted pieces of research output in that FoR classification over the census period.⁹ The threshold was a substantial impediment, especially given the uneven distribution of output between FoR 1402 and the other sub disciplines. Hence, many institutions rated were not rated in FoRs 1401, 1403 and 1499.¹⁰

The uneven quality ratings across sub disciplines are readily apparent in Table 2, but Table 3 provides a corresponding percentage distribution for further emphasis and to provide a basis for comparison to the distribution of journal rankings in the next section. It is notable that at least half of the institutions evaluated are rated at world standard or higher in economic theory (FoR 1401) and econometrics (1403), while two thirds of institutions are rated below world standard or well below

⁸ The classification scheme for recording research outputs and expenditure is explained in ABS (2008a). Bloch (2010) provides some background on the development of the scheme as it applies to the economics discipline and discusses its impact on the reported quantity of heterodox economics research.

⁹ A book was counted as five pieces of research output for purposes of meeting this threshold.

¹⁰ Institutions that were not rated in the overall economics discipline or any sub discipline were highly specialised or relatively small institutions.

world standard in applied economics (FoR 1402) and other economics (1499) as well as in the overall economics discipline (FoR 14). The key question addressed in the next two sections is whether the difference in ratings across sub disciplines truly reflects the relative research performance of Australian economists across the sub disciplines or rather partially or wholly reflects biases built into the ERA processes of evaluation.

Table 2 – Economics Quality Ratings by Sub Disciplines and Overall Discipline

Discipline or Sub Discipline (FoR)	Well Above World Standard	Above World Standard	World Standard	Below World Standard	Well Below World Standard	Not Rated
Economic Theory (1401)	3	2	0	3	2	31
Applied Economics (1402)	2	2	7	7	15	8
Econometrics (1403)	0	3	2	1	0	35
Other Economics (1499)	0	1	1	1	3	35
Economics (14)	1	6	5	9	14	6

Source: ARC (2011)

Table 3 – Economics Quality Ratings (% distribution of rated institutions)

Discipline or Sub Discipline (FoR)	Well Above World Standard	Above World Standard	World Standard	Below World Standard	Well Below World Standard	Average rating (out of 5)
Economic Theory (1401)	30	20	0	30	20	3.1
Applied Economics (1402)	6	6	21	21	46	2.1
Econometrics (1403)	0	50	33	17	0	3.3
Other Economics (1499)	0	17	17	17	50	2.0
Economics (14)	3	17	15	26	40	2.2

Source: Author's calculations based on Table 2

4. ERA procedures

The procedures employed by the Research Evaluation Committees (RECs) warrant some explanation as they differ from those generally used in national research evaluation exercises by combining quantitative indicators with peer review and by evaluating units that comprise disciplines and sub disciplines rather than administrative groupings, such as departments or schools. Further, the evaluation is meant to be comprehensive, including all academic staff, unless their employment specifically designated their role as teaching only.

Responsibility for administration of the research evaluation under ERA was given to the Australian Research Council (ARC), the statutory authority that administers the Commonwealth's program for funding research in universities and other research organizations through competitive grants. The ARC designed the basic framework for ERA in consultation with the university sector and other research bodies in Australia. This included setting out the range of data to be collected for evaluation and the processes to be utilized in conducting the evaluations. A particularly contentious component of this preliminary work was the development of rankings of academic journals into four

quality bands, with similar rankings for conferences in some disciplines. Bloch (2010) provides a discussion of this part of the process, focussing on its treatment of heterodox economics.

Evaluation of the quantity and quality data was carried out by (RECs) consisting of discipline experts (not necessarily all academics) covering the related disciplines within each of eight clusters. The cluster within which economics was included for the purposes of the ERA performance evaluation was the Social, Behavioural and Economic Sciences (SBE) cluster, which covered most social science disciplines along with business studies, education and psychology. Members of the RECs were almost all Australia academics, chosen on the basis of their expertise to represent the various different disciplines being evaluated in each cluster.

The ARC has provided a listing of the membership of each of the RECs, along with brief descriptions of the research expertise and career background for each member. In this listing, three of the twenty-five members of the SBE cluster identified their research specialization as being within economics. One of these members had expertise identified as in microeconomic theory, especially public economics and game theory, a second had expertise identified as in theoretical and micro-econometric aspects of contemporary social issues relating to risk and uncertainty, and the third had expertise identified as in time-series and financial econometrics.¹¹ The descriptions of expertise are notable for an emphasis on theory and econometrics and at best peripheral expertise or interest in applied economics. Most notably, no expertise or interest in heterodox economics is listed.

The guidelines for the evaluation process indicate that based on their fields of expertise, each member of a REC was assigned to rate a number of units of evaluation, where a unit of evaluation is a particular four-digit FoR sub discipline at a particular institution (see ARC, 2010). Further, each unit of evaluation was to be independently rated by three REC members. The evaluations were to be relative to indicator profiles provided by the ARC for each quality band in each four-digit FoR. The data items considered in the quality evaluation differed somewhat across disciplines based on disciplinary publication practices. For the economics discipline and most other disciplines within the SBE cluster, peer review of a sample of publications was used rather than citation analysis, in recognition of the long lags in citations. In disciplines where peer review was utilized, each institution nominated a sample of pieces of research output for review.

The ratings by the REC members were to be supplemented by those of selected peer reviewers in cases where extra specialist expertise was deemed appropriate, where the significance of a body of work was disputed or where there were significant workload issues that prevented a REC member with relevant expertise from participating (ARC, 2010, p.32). The peer reviewers were to provide a rating and accompanying textual comment for each of unit of evaluation to which they were assigned based solely on the sample of research outputs that they were provided from the pool of outputs nominated by the institution being evaluated. No details have been publicly provided on the extent to

¹¹ The membership of the SBE REC together with a paragraph on each member's research specialization and career background are provided on the ARC website: http://www.arc.gov.au/era/recs_2010/SBE.htm

which peer reviewers were utilized in particular disciplines or sub disciplines, but the CEO of the ARC, Professor Margaret Sheil, acknowledges the assistance of over 500 peer reviewers in her foreword to ARC (2011).

The evaluation guidelines set out a four-stage process for determination of the quality rating for each unit of evaluation. In the first stage each REC and peer reviewer, where assigned, was to provide an independent quality rating based exclusively on the information provided to them by the ARC. In the case of economics, this included selected research outputs for peer review along with summary data on all research outputs prepared by the ARC from data supplied by the institutions. In the second stage, each REC member was to consider the ratings from other REC members assigned to the same unit of evaluation along with the ratings and supporting text from any peer reviewers. The third stage involved a meeting of all REC members for each cluster to collectively discuss the ratings for each unit of evaluation and to finalize recommendations. In the fourth stage, the chairs of each cluster were to review overall outcomes and ensure consistent application of the ERA rating scale and other ERA measures.

No structure is provided in the evaluation guidelines as to how the RECs were to combine the information from the various quantity and quality measures, rather it is suggested that the RECs use their expert opinion on the relevance of various measures to the determination of performance in the particular discipline. Likewise, there is no mention in the evaluation guidelines as to how the RECs were to utilize the indicator profiles in determining the position of a particular unit of evaluation relative to world standards. Perhaps most importantly in terms of the critique provide below, no information is provided on how the indicator profiles were constructed and no provision was made for the release of any information on the specific profiles for any two-digit or four-digit FoR classifications.

5. Critical Commentary

A key stated aim of ERA is to allow for comparisons of Australia's research nationally and internationally for all discipline areas. For this purpose the ratings of units of evaluation in ERA are all stated in terms relative to world standard. Implicit in this process is the notion that the world standard is specific to the particular discipline or sub discipline being evaluated. Thus, the low ratings given for the units evaluated in the other economics sub discipline, the sub discipline that includes heterodox economics, suggests that the research of Australian economists in this area is not up to the standard elsewhere in the world for this same area.

As noted above, no information on the indicator profiles used for different disciplines or sub disciplines has been provided by the ARC. However, the ranking list of journals used in the ERA process was published and is very revealing in terms of the treatment of other economics. Table 4 below shows the distribution by rank of journals identified with the economics discipline and each of its component sub disciplines. The bulk of the journals are classified to either the four-digit sub

discipline applied economics (FoR 1402) or to the two-digit discipline economics (FoR 14), which makes direct comparisons across groupings difficult.¹² Thus, Table 5 presents the percentage distribution of journals for the same categories.

Table 4 – Distribution of Journal Rankings by Sub Disciplines and Overall Discipline

Discipline or Sub Discipline (FoR)	A*	A	B	C	Total
Economic Theory (1401)	6	16	14	16	52
Applied Economics (1402)	25	65	90	144	324
Econometrics (1403)	8	9	5	8	30
Other Economics (1499)	0	4	19	20	43
Economics (14)	11	18	45	117	191

Source: ARC (2011)

Table 5 – Distribution of Journal Rankings (Percentage of Journals in each FoR)

Discipline or Sub Discipline (FoR)	A*	A	B	C
Economic Theory (1401)	11.5	30.8	26.9	30.8
Applied Economics (1402)	7.7	20.1	27.8	44.4
Econometrics (1403)	26.7	30.0	16.7	26.7
Other Economics (1499)	0	9.3	44.2	46.5
Economics (14)	5.8	9.4	23.5	61.3

Source: Author's calculations based on Table 4

Tables 4 and 5 reveal a clear disparity in the rankings of journals across categories. Almost half of the journals classified to economic theory (FoR 1401) are ranked A or A*, while the corresponding proportion is more than half for journals classified to econometrics (FoR 1403). In contrast less than 10% of the journals classified to other economics are ranked A or A*, while the corresponding proportion of journals classified to the two-digit economics discipline (FoR 14) is just over 15%.

The ARC relied on peak bodies to provide recommendations for the rankings of journals. In the case of economics and its sub disciplines, the relevant peak body was the Economic Society of Australia (ESA). The ESA based its recommendations on a survey sent to all academic economists in Australia with the rank of full professor (see Abelson, 2009). In terms of providing a fair reflection of the quality of heterodox economics journals, such rankings suffer from the general problems clearly identified by Lee and Cronin (2010) as well as from specific problems in the Australian context identified by Bloch (2010). Mainstream economists can simply not be relied upon to provide a credible ranking of journals that they do not read and that specialize in work critical of the

¹² Where a journal is assigned only a single four-digit FoR code, all articles in that journal are counted as being research in the sub discipline identified by that code. Where a journal is assigned only a single two-digit FoR code, universities were to designate the four-digit FoR code for any articles published by their staff in that journal (with the possible of apportioning fractions of the article to more than one code). Some journals are assigned more than one FoR code at either the two-digit or four-digit level, with universities asked to designate the appropriate code for any articles published by their staff (again, with the possibility of apportionment).

assumptions underlying their theoretical framework. Further, the relatively high rankings received by journals in economic theory and econometrics, as opposed to the lower rankings for applied journals, reflect the relative status of theoretical work over applied work that characterizes the views of mainstream academic economists worldwide.

The use of indicator profiles to reflect world standards suggests a possible antidote to the biased journal rankings in terms of the evaluation of the other economics sub discipline (FoR 1499) under ERA. The rankings for journals presumably apply to the determination of world benchmarks as well as to the articles by Australian economists. For example, the absence in the FoR 1499 journal list of any A* journals means that the only possibility for journal articles in this sub discipline to be ranked A* is if they appear in a journal classified to the two-digit economics discipline (FoR 14) and are then designated by the submitting university as belonging to the sub discipline FoR 1499.¹³ Similar reasoning applies to the possibility of A ranked journal articles being classified to FoR 1499, either in Australia or for the world benchmark, as the proportion of A ranked journals in 1499 is less than 10% in both 1499 and only 20% in FoR 14. Thus, presumably a world indicator profile for the highest quality rating in FoR 1499 would include a very low proportion of A or A* ranked journal articles, while a corresponding indicator profile for economic theory (FoR 1401) or, especially, econometrics (FoR 1403) would include a high proportion of A and A* ranked journal articles.

If the distribution of journals by rankings across sub disciplines affected the world indicator profiles and the research outputs of Australian economists to equal degree, there would be no reason to expect a correlation between the distribution of journal rankings and the quality ratings for Australian economists under ERA. The adjustment of the worldwide profiles would leave the ratings across sub disciplines independent of the distribution of journal rankings. Table 6 presents the distribution of journal rankings and the corresponding distribution of quality ratings across sub disciplines. Because there are four journal ranks and five quality ratings, the data have been aggregated so that the top two quality bands are compared to the top two journals ranking bands and the bottom two quality bands are compared to the bottom two journal rankings.

Rather than reveal independence of the journal rankings and quality rankings across sub disciplines, the data in Table 6 reveal a very close correspondence. Half of the units of evaluation in both economic theory and econometrics were rated above or well above world standard, which closely approximates the approximately half of journals that were ranked A or A*. At the other extreme two thirds of the units of evaluation in applied economics and other economics were rated below or well below world standard, which corresponds to more than two thirds of the journals in each case having been ranked in the B or C bands. It seems that the uneven distribution of journal rankings carries

¹³ The allocation of articles from the two-digit discipline to four-digit sub disciplines under ERA is left to determination by the submitting university. Universities intent on boosting their performance in the mainstream sub disciplines would have been unlikely to classify articles from highly ranked journals in FoR 14 as belonging to FoR 1499, although in at least some universities authors were asked to advise on the appropriate classification for their articles.

through to the distribution of quality ratings across units of evaluation. Whatever adjustment was made in the world standard indicator profiles across sub disciplines had no discernable compensating effect.

Table 6 – Comparison of Quality Ratings and Journal Rankings (% distribution)

Discipline or Sub Discipline (FoR)	Rating Above or Well Above World Standard	A or A* journals	Rating Below or Well Below World Standard	B or C journals
Economic Theory (1401)	50	42.3	50	57.7
Applied Economics (1402)	12	27.8	67	72.2
Econometrics (1403)	50	56.7	17	43.4
Other Economics (1499)	17	9.3	67	90.7
Economics (14)	20	15.2	66	84.8

Source: Author's calculations based on Table 3 and Table 5

6. Recommendations for an Improved ERA

A basic problem for heterodox economics in the ERA process is that it is hidden as a sub category within a sub discipline. There is no direct evaluation of heterodox economics research outputs as a category, even though they undoubtedly account for a large proportion of the total outputs in the sub discipline of other economics (FoR 1499).¹⁴ A definite improvement would be to treat heterodox economics as a separate sub discipline, perhaps in combination with its philosophical compatriots in history of economic thought and economic philosophy. However, the classification scheme used in ERA is that developed by the Australian Bureau of Statistics for the purpose of recording research activity in Australia across higher education, business, government and other scientific organizations and has only recently been revised (see ABS 2008).¹⁵

Given that the current research classification scheme will remain for the foreseeable future, certainly for the next round of ERA due to be conducted in 2012, the evaluation of heterodox economics will be tied to that of ecological economics, comparative economics and the residual, economics not elsewhere classified. This is comfortable company as much ecological economics research shares the rejection of many mainstream assumptions with heterodox economics, while much comparative economics shares with heterodox economics an emphasis on the importance of institutions in affecting economic outcomes and economics not elsewhere classified is likely to be very much removed from the mainstream.¹⁶ The recommendations below are couched specifically in terms of heterodox economics but are reasonably applicable to all specialities within other economics.

¹⁴ No data are available on the distribution of research outputs below the four-digit classification level.

¹⁵ This revision created substantial controversy when it was proposed to move the history of economic thought and economic history outside of the economics discipline altogether (see Kates and Millmow, 2008 for a discussion of the debate over this proposal and its eventual resolution).

¹⁶ The two institutions that received an above world standard rating and a world standard rating in the sub discipline of other economics were the Australian National University and the University of Western Australia, respectively. Both have a number of agriculture and resource economists working on research in ecological economics.

One common difficulty faced by the specialities included in other economics is the limited number of journals that have been classified as publishing articles in this sub discipline. This makes it difficult to achieve the threshold number of pieces of research output required to be evaluated and receive a rating under ERA. In the specific case of heterodox economics, the journals classified to other economics include only a small proportion of journals in which heterodox economists normally publish. Bloch (2010) examines the FoR classification in ERA 2010 for 62 heterodox economics journals (as identified by Lee and Cronin, 2010). Only 6 of the 62 journals were classified to FoR 1499 for ERA 2010 and another 6 were classified to FoR 14 (which means that articles appearing in the journal could be designated by the submitting university as belonging to any of the sub disciplines within economics). In contrast 16 of the journals were classified to economic theory (FoR 1401), primarily history of economic thought journals, and 22 of the journals were classified to applied economics, reflecting the proclivity to classify any economics journals to this category. A majority, 33 out of 62, of the journals were classified in disciplines outside of economics, mostly political science and other social sciences.¹⁷ Clearly, a reclassification of journals for ERA 2012 is required to ensure that a larger number of heterodox economics journal articles can be properly accounted for as belonging to FoR 1499.

As discussed above in connection with Table 5, the distribution of journal rankings is of critical importance to the generally low ratings given to institutions that received ratings for their research output in other economics. A journal ranking system such as that advocated by Lee and Cronin (2010) that awards the journals in heterodox economics proportional rankings equivalent to those of journals in the fields favoured by mainstream economists would provide a level playing field on which heterodox economics research could be fairly evaluated. If applied to each sub discipline in economics, this would lead to the same proportion of journals being ranked A*, A, B and C in each of the sub discipline and provide a level playing field.¹⁸

The ARC has conducted a public consultation process to receive comments on journal rankings in anticipation of a revision in the rankings prior to the next round of ERA scheduled for 2012. The website established for this purpose allowed respondents to comment on individual journals included in the rankings list for ERA 2010 as well as to suggest additional journals to add to the list. In each case the respondent was asked to explain their association with the journal (editor, author, referee, reader), indicate the appropriate FoR classification for the journal and suggest a ranking

¹⁷ The classification scheme allows any journal to be assigned up to three FoR codes, which means that the 62 heterodox economics journals are assigned a larger number of FoR codes. For example, the *Review of International Political Economy* is classified as belonging to FoR 1402 (applied economics), FoR 1605 (policy and administration) and FoR 1606 (political science). Note that FoR 1499 (other economics) is not included within these three choices.

¹⁸ Interestingly, the advice given by the ARC to peak bodies that made recommendations was that ranks should be distributed over quality bands such that 5% of journals were A*, 10% were A, 35% were B and 50% were C. This advice was widely ignored and certainly wasn't applied at the four-digit FoR classification level in economics as is clearly demonstrated by the percentages in Table 5.

together with commentary. Many heterodox economists have used this process to argue for higher rankings of journals central to heterodox economics research in Australia.¹⁹

Public consultations are an encouraging sign, especially with the provision for commentary to establish familiarity with a journal and provide argument in favour of the recommended ranking. However, this process is starting from the previous badly flawed ranking list as the base case (the prior ranking of the journal is presented to respondents with the implication that they must justify a change). Also, the ARC will rely on contracted peak bodies to assess and act on the information collected through the public consultation process as part of their considerations leading up to providing recommendations for a new ranking list. A tender has been called for peak bodies (academic societies and the like) to nominate for this task. It is most likely that the contracted peak body for economics will be the Economic Society of Australia (ESA), the same group that provided the recommendations relied on for the original ranking list. Thus, it seems highly unlikely that the outcome will achieve the goal recommended above of providing a level playing field in terms of each sub discipline having the same distribution of its journals across rank A*, A, B and C.

The structure of evaluation under ERA is such that an unbalanced ranking of journals could be compensated through corresponding adjustments to the indicator profiles used to judge performance relative to world standard. For example, in the sub discipline of econometrics (FoR 1403), where more than half of the journals are ranked A* or A (see Table 5), performance equal to the world standard would clearly imply that at least half the journal articles submitted for assessment would be in A* or A ranked journals. To achieve at a rating at above world standard or at well above world standard the proportion of A* and A ranked journal articles would need to be much higher or very much higher, respectively. In comparison for the sub discipline of other economics (FoR 1499), where there are no A* journals and only 10% of the journals are ranked A, performance at world standard would involve a slight majority of submitted journal articles that were published in A or B ranked journals (see Table 5) with the vast majority of these in B ranked journals. Correspondingly, performance at above world standard or at well above world standard would require a much higher or very much higher ratio of articles in A ranked journals, respectively. Importantly, no A* journal article publications would be included in the indicator profile for even the highest rating in FoR 1499 as there are no A* ranked journals in this classification.²⁰

The examples above illustrate quite dramatically that compensating for the uneven distribution of journal rankings would require a highly skewed distribution of indicator profiles across economics sub disciplines to reflect differing world standards in terms of journal publication outlets. As journal

¹⁹ In particular, the editors of *The Economic and Labour Relations Review* sent out a request to subscribers to the Society of Heterodox Economists mailing list encouraging submissions that argued for an upgrade to an A ranking for the journal.

²⁰ An exception could be made were it found that a substantial number of journal articles from journals classified at the two-digit level of economics (FoR 14), were being allocated to FoR 1499. Of course the proportion of journals in FoR 14 that are ranked A* is still only 5.8%.

articles account for a substantial majority of the research outputs in the economics discipline, such adjustment is essential to achieving a fair evaluation of Australian research in heterodox economics and its companion specialities in the other economics sub discipline. The comparison of journal rankings and quality ratings in Table 6 suggests that no such adjustment was made in the 2010 round of ERA.²¹ Thus, there is need for a change in ERA procedures to ensure that the indicator profiles for determining performance relative to world standard properly reflect the distribution of journal rankings classified to each discipline and sub discipline. Further, in the 2012 round of the ERA the indicator profiles utilized for each discipline should be publicly released to create a transparent process and allow for a proper open debate about the fairness of the process.

No changes have been announced to the process for peer review of selected research outputs in the economics discipline for the next round of ERA. As discussed above, the most important contributors to this peer review process are the members of the Research Evaluation Committee (REC) with expertise in economics. For the 2010 round of ERA, the three members of the SBE REC with economics specialization had research interests predominantly in economic theory and econometrics. There was no REC member with a specialization in heterodox economics or any of its companion specialities in the other economics sub discipline. Yet, as shown in Table 7, more academic staff members were devoting their research effort to other economics than to either economic theory or econometrics.²²

A reasonable principle in selecting members of the RECs is ensuring an appropriate range of expertise for undertaking peer review. The absence of relevant expertise in heterodox economics from the REC membership is particularly problematic given the general lack of familiarity of mainstream economists with research methods and issues outside their own specialities. The converse is not true for heterodox economists, as they have generally had extensive exposure to mainstream economic methods and issues in their undergraduate and postgraduate training. For the 2012 round of ERA to provide a fair assessment of research in heterodox economics and its companion specialities in other economics, it is imperative that individuals with expertise in these specialities be members of the relevant REC. Having this expertise on the committee will also help ensure the selection of appropriate peer reviewers for research outputs that are sent out for external review.

²¹ Given that more than 90% of the journals classified to FoR 1499 are ranked B or C it is difficult to imagine what type of distribution of rankings over the work submitted in ERA 2010 would have justified half of the institutions evaluated in F0R 1499 being rated at well below world standard if it were based on a set of indicator profiles for performance that adjusted for journal rankings.

²² The distribution of research effort was based on information supplied to the ARC as part of the data for ERA from the 41 institutions submitting for evaluation. Universities in turn asked staff to indicate the distribution of their research effort across up to four-digit FoR codes (subject to a total allocation of one hundred percent). Hence, the numbers reported in Table 7 are the sum of the designated proportions for each staff member times their fraction of full-time employment (1.0 for full-time appointments, 0.5 for half-time appointments, etc.). Australian universities had used a standardised system of level of appointment and title when salaries were set nationally. This system is no longer operative, but most institutions still use the old system of level of appointment and title that is shown in at the top of Table 7. The outliers account for the staff designated as “other” and for some staff having titles that differ from those corresponding to their level of appointment as shown in Table 7.

Table 7 – Distribution of Staff Research Effort by Economics Sub Discipline and Appointment Level
(Number of Full-time Equivalent Staff Members)

Sub Discipline (FoR)	Level E Professor	Level D Associate Professor	Level C Senior Lecturer	Level B Lecturer	Level A Associate Lecturer	Other	Total
Economic Theory (1401)	19	16	25	37	10	3	109
Applied Economics (1402)	122	113	158	202	53	30	679
Econometrics (1403)	21	14	19	29	5	3	92
Other Economics (1499)	15	8	24	56	42	5	151
Total	177	151	227	325	110	41	1031

Source: ARC (2011)

7. Conclusions and Implications for Heterodox Economics in Australia

The processes employed in the 2010 round of research evaluation under Excellence in Research for Australia (ERA) were did not provide a fair assessment of heterodox economics research in Australia. The rankings used as the indicator of the quality for journal articles were unbalanced in favour of economic theory and econometrics and against applied economics and other economics (which included heterodox economics). As journal articles constituted a substantial majority of the pieces of research submitted for assessment, it is perhaps not surprising that this unbalanced pattern was closely followed in the ratings given to the various sub disciplines of economics across the institutions at which they were evaluated. However, these ratings were presented as reflecting performance relative to world standards, where the world standard was based on indicator profiles that were supposed to reflect the quality of work in the area worldwide and, therefore, would have been appropriately adjusted for the rankings of journals in each sub discipline. Further, the committee of experts that recommended quality ratings had on it economists with expertise in economic theory and econometrics but none with expertise in heterodox economics, which provided an inadequate basis for a fair peer review of journal articles and other research outputs that were subjected to peer review as part of the ERA process.

From the perspective of heterodox economics, the quality ratings produced by ERA are a flawed outcome from a flawed process. This is something heterodox economists have experienced worldwide (see Lee and Elsner, 2010). Nonetheless, it is a disappointing outcome from a process that had promised increased transparency and reduced reliance on subjective assessment by dominant groups within contested disciplines. A number of recommendations are provided above that would improve the transparency and procedural fairness of the evaluation process. Hopefully, these will be acted on in the review process leading up to the next round of ERA, which is scheduled for 2012. If not, the relatively junior staff who dominant the research effort in heterodox economics and its companion specialities in the “other economics” sub discipline in Australia (see Table 7) face daunting career prospects.

References:

- Abelson, Peter (2009), 'The Ranking of Economics Journals by the Economic Society of Australia', *Economic Papers*, vol. 28, no. 2: 176-180.
- Australian Bureau of Statistics (ABS) (2008), *Australian and New Zealand Standard Research Classification (ANZSRC)*, Catalogue 1297, Canberra, Australian Bureau of Statistics.
- Australian Research Council (ARC) (2010), *ERA 2010 Evaluation Guidelines*, Canberra, Australian Research Council.
- Australian Research Council (ARC) (2011), *ERA 2010 National Report*, Canberra, Australian Research Council.
- Bloch, Harry (2010), 'Research Evaluation Down Under: An Outsider's View from the Inside of the Australian Approach', *American Journal of Economics and Sociology*, vol. 69, no. 5: 1530-1552.
- Kates, Steven and Millmow, Alex (2008), 'The History Wars of Economics: The Classification Struggle in the History of Economic Thought', *History of Economics Review*, no. 47: 110-124.
- King, J. E. (2007), 'RQF and HET: Assassin or Corpse?', *History of Economics Review*, no.45: 106-111.
- King, J. E. and Kreisler, Peter (2008), 'News from Down Under', *On the Horizon*, vol. 16, no 4: 289-292.
- Lee, Frederic S. and Cronin, Bruce (2010), 'Research Quality Rankings of Heterodox Economic Journals in a Contested Discipline', *American Journal of Economics and Sociology*, vol. 69, no. 5: 1409-1452.
- Lee, Frederic S. and Elsner, Wolfram (2010), *Evaluating Economic Research in a Contested Discipline*, Chichester, Wiley-Blackwell.
- Williams, Ross (2010), 'Research Output of Australian Universities: Are the Newer Universities Catching Up?', *Australian Universities Review*, vol. 52, no. 1: 32-36.

Appendix: Letter to Australian Research Council

8 March 2011

Professor Margaret Sheil, CEO
Australian Research Council
GPO Box 2702
Canberra ACT 2601

Dear Professor Sheil:

We are writing on behalf of the Society of Heterodox Economists (SHE) seeking your assistance in ensuring that heterodox economics is fairly and fully assessed in the next round of ERA. At the final plenary session of the Society's last annual conference in Sydney in December 2010 concerns were raised about the treatment of heterodox economics in ERA and it was agreed that these concerns would be raised with the ARC once the results of ERA had been published. We set out these concerns in detail below. In short, we believe that both the quantity and quality of heterodox economics research conducted by academic economists in Australia was understated in the recently completed round of ERA. After enumerating the deficiencies in the evaluation of heterodox economics, we then make suggestions for steps that could be taken to act against a similar understatement in the upcoming round. We hope that you will see merit in these suggestions and assist us in the process of achieving a full and fair assessment of heterodox economics research in Australia.

First, some background on SHE and heterodox economics more generally. SHE is a relatively young organisation, having begun with its first annual conference at UNSW in 2002. There is no formal membership, but over 100, primarily Australian academics, have been attending recent annual conferences and there are currently 237 addresses on the Society email list. Heterodox economics is the term that has been widely adopted to denote non-neoclassical approaches to understanding economic phenomena. It is a broad movement that includes work in the traditions of political economy and post-Keynesian economics.

In the recent ERA results, Other Economics (FOR 1499), which includes Heterodox Economics as a six-digit category (FOR 149903), is shown as a minor activity in economics research, with only six out of 41 universities having submitted enough research outputs in the category to have an evaluation recorded publicly. This is equal lowest of any of the four-digit categories within economics. Further, the quality of the outputs is shown as low, with two universities having their output in 1499 ranked as 1, two ranked as 2, one ranked as 3 and only one university (ANU) being deemed to have research output in the category that ranked at 4. This distribution is below that of any of the other four-digit category within economics. We submit that this relatively poor performance reflects the design of the evaluation system rather than the true quantity and quality of heterodox economics research in Australia relative to a world benchmark.

Neoclassical economists who have dominated the evaluation processes in all Western nations tend not to understand or appreciate heterodox critiques nor do they understand the context of heterodox research in general. Even when "objective" measures are used, such as citation impact factors, there are in-built biases to the metrics. This creates great difficulties in achieving a full and fair assessment of heterodox economics research (see Frederic S. Lee and Wolfram Elsner, editors, *Evaluating Economic Research in a Contested Discipline*, Chichester, UK: Wiley-Blackwell). These general problems are compounded in ERA by inappropriate classifications of ranked journals and other research outputs, which understate the quantity of heterodox research. There also appears to be a biased selection process for economists on the Research Evaluation Committee (REC) for the Social, Behavioural and Economics (SBE) panel.

First, with regard to understating the quantity of heterodox economics, we point to the small number of academic journals from which output is attributable to FOR 1499. In particular, among 62 journals

identified by heterodox economists as major outlets for their work only 12 have 1499 as one of the four-digit classifications to which articles in these journals may be attributed. Among the 12, six journals are attributable to any four-digit classification within the two-digit classification for economics (FOR 14), while the other six are attributable wholly to 1499 or to either that classification or one or more alternative four-digit classifications (for details, see Harry Bloch, "Research Evaluation Down Under: An Outsider's View from the Inside of the Australian Approach", *American Journal of Economics and Sociology*, 65(5), November 2010: 1530-1552).

The Australian and New Zealand Standard Research Classification (ANZSRC) is designed to classify the field of research (FOR) by methodology (see Australian and New Zealand Standard Research Classification 2008, ABS Catalogue 1297.0, p.4). Some research in heterodox economics is directly critical of the assumptions and methods of neoclassical economics, but for the most part the research is parallel in the sense that it examines the same range of theoretical and empirical issues as neoclassical economics but using different assumptions and methods. Heterodox economics appears in the FOR classification scheme as a different methodology. Yet, based on journal classifications in ERA there are few journals that publish heterodox analyses. We submit that this is not the case and that journals that explicitly state their focus on alternative analyses of economics are classified in such a way that articles appearing in them are not allowed to be attributed to FOR 1499.

Aside from ranked outlets, attribution of research outputs is presently left to the discretion of universities. There are suggestions that this has led to the gaming of classification of research. The low rankings that awarded to four-digit classifications labelled other (FOR xx99) in the trial evaluations carried out in 2009 encourages gaming that underreports output in FOR1499 and other "Other" categories. It is difficult for us to provide hard evidence to support this claim given that we don't have access to the internal recommendations regarding classifications of pieces of research. However, it is certainly possible for the ARC to investigate the existence of such practices and confirm or refute our allegation.

We note the absence of representation of heterodox economists on the REC for SBE disciplines in the last round of ERA. Our appraisal is that all other four-digit classifications within the two-digit classification for the economics discipline (FOR 14) seem to have been represented. It is difficult for experts who have no familiarity with research within a sub-discipline to offer a fair evaluation of the work. While it is obviously difficult to have every narrow specialty represented on such committees, heterodox economists produce a substantial body of work (even with the biases toward underreporting). Added to this is the inherent difficulty that many academics have in appraising work that is critical of their own approach. It would be worth examining the correlation between the FOR classifications nominated by REC members for their own research output and the pattern of rankings across four-digit classifications. Our hypothesis is that a positive correlation would emerge between the proportion of REC member outputs in a four-digit classification and the average rank across universities in that classification. Again, we don't have access to data to test this hypothesis, but the ARC could collect data to carry out the test.

Our concern is that ERA processes have contributed to the underreporting of the output of heterodox economists in Australia and to an unfairly low ranking of its quality. While heterodox economics is only part of the category, Other Economics (FOR 1499), it is undoubtedly the largest part and our reasoning largely applies to the other parts of the category (FOR 149901 – Comparative Economics Systems, FOR 149902 – Ecological Economics and 149999 – Economics not elsewhere classified). Thus, we are asking that the following steps be taken to ensure a full and fair evaluation of heterodox economics research in Australia:

1. Journals that are widely used as outlets for heterodox economics research should be classified so that articles in these journals can be attributed to FOR 1499. This means that they are classified to FOR 1499 solely or together with other four-digit FOR codes, or that they are classified at the two-digit level to FOR 14. A recent listing of 62 heterodox economics journals is available in Frederic S. Lee and Bruce C. Olsen, "Research Quality Rankings in a

Contested Discipline”, *American Journal of Economics and Sociology*, Vol. 69, No. 5 (November 2010): 1409-1452.

2. Universities should be required to follow the advice of authors with regard to the appropriate FOR codes for their research outputs.
3. Ranking of journals should not be based on hearsay. Familiarity with a journal (for example having read at least one article appearing in that journal in the last ten years) should be a requirement before a member of an expert panel or the representative of a peak body are allowed to participate in the ranking of that particular journal. The ARC should ensure sufficient breadth of expertise in whatever process is used for ranking so that there is familiarity with every ranked journal.
4. The ARC should endeavour to ensure that assessors of submitted research outputs are working in the particular research area of any output they are asked to assess. This is particularly important with regard to the methodology used in the research. In particular, assessors of work in the category of “Other Economics” (FOR 1499) should be researchers that have produced research outputs in that category.
5. The ARC should make sure that its Research Evaluation Committees have representation from researchers working in all four-digit classifications covered by that panel. The criteria of working in a classification normally would involve having at least one piece of research output within the last five years that is classified as belonging to that classification.

We hope that you are willing and able to make changes to the processes and people involved in the next round of ERA to provide a fuller and fairer treatment of heterodox economics. While some of our recommended actions are quite broad, we are confident that they would be helpful in dealing with splinter groups in other contested disciplines that are being evaluated under ERA. If Australian research is to achieve international prominence for its critical and innovative nature, there need to be mechanisms in place to ensure that critical and innovative research outputs are accorded a full and fair hearing in ERA.

Yours sincerely,

List of signatories available on request