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*“Research Evaluation Down Under: An Outsider’s View from
the Inside of the Australian Approach”*

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ABSTRACT

Australia is currently undertaking its first national evaluation of university research, which is being performed by the Australian Research Council (ARC) at the request of the Australian government. The Australian approach to evaluation has some unique characteristics, especially a focus on evaluating research quantity and quality by the field of the research activity rather than by individual academic or administrative unit. This raises issues of the classification of areas of research, which has already caused controversy for Australian heterodox economists. There is also controversy about the quality rankings of economics journals. This paper provides a critical review of the Australian approach to research evaluation and discusses the implications for heterodox economists.

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I. Introduction

Australia is conducting its first national evaluation of university research. It has been a rocky start. Preparations began in earnest in 2005 with the establishment of an administrative group within the Commonwealth (national government) bureaucracy to carry out assessment under the Research Quality Framework (RQF). The RQF details were never finalized, but the proposals sent out for consultation with the university sector suggested assessment along lines similar to the UK Research Assessment Exercise. Specifically, the end result was to provide a quality ranking by discipline-based units for each university determined by an expert panel in that academic discipline. The nascent scheme had Australian heterodox economists extremely worried that the RQF would speed the decline of heterodox research and teaching “down under” (see King, 2007).

There was relief among heterodox economists when the Liberal-National Party Coalition (conservative) government was defeated by the Australian Labor Party (ALP) (centre-left) at elections in November 2007 and the RQF was abandoned. However, the policy of conducting a research assessment was not abandoned in totality. Instead, the new government replaced the RQF with Excellence in Research in Australia (ERA). This has left substantial concerns about the likely impact on heterodox economists (see King and Kriesler, 2008).

The intention of ERA is to provide an evaluation of the research performance by academics in Australia within discipline and sub-discipline groupings.¹ The evaluation will be informed by quantitative information on the amount and quality of activity (publications, funded expenditure and applied outcomes) per researcher within each discipline classification over the period, 2003-2008. The quantitative information together with qualitative information is to be assessed by expert discipline panels to place the research performance of each discipline at each university into a performance band from one to five, representing a level of performance relative to world performance benchmarks.

The Labor government has indicated that the results of ERA will only be published as a distribution of outcomes across universities. No results for individual universities are to be published (no league table), although each university will be given the results of its own performance evaluation in each discipline along with comments from the expert review panel. Further, the results are not to be used in determining funding allocations for universities. Nonetheless, universities can be expected to use the results in hiring and promotion decisions of individuals and in determining areas for expansion or closure. Periodic repeats of the exercise are intended and no commitment has been made regarding continuing the exclusion of funding consequences or the ban on publishing results for ranking universities by discipline. King and Kriesler (2008) provide examples of how Australian university economics departments are dealing with heterodox economists in anticipation of the implementation of ERA. While the experiences cited are diverse, there are clearly some warning signs for heterodox economists.

This paper reviews several aspects of the proposed Australian research evaluation exercise as it relates to heterodox economics. The section below contains a discussion of the approach to research evaluation planned for ERA. This is followed by an account of the revision of the research code classification that was undertaken in 2007, which led to substantial controversy regarding the positioning of economic history and the history of economic thought. The fourth section reviews the recently completed journal ranking exercise, while the fifth discusses other elements of the research evaluation exercise. The paper concludes with personal observations and words of advice.

In discussing the development and potential effects of ERA, the author draws on his involvement in peer review processes connected to research evaluation. He was a member of the executive committee of the Economic Society of Australia (ESA) when the ESA designed and carried out a survey of Australian economics professors to provide advice to the government on the ranking of economics

¹ Current details of the purposes and procedures for ERA can be viewed at: <http://www.arc.gov.au/era/default.htm>

journals. He also was previously editor of *The Economic Record*, the ESA's flagship academic journal. Currently he is a member of the College of Experts, a panel that advises the ARC on applications for competitive research grants. These experiences, along with participation in the Society for Heterodox Economists and the History of Economic Thought Society of Australia, provide a broad exposure to the research activities, mainstream and heterodox, of Australian economists.

II. Background on the Australian University System and Excellence in Research for Australia

There are 37 public and two small private universities in the Australian system.² In 1974 the Commonwealth (federal) government took over primary responsibility for funding universities from state governments and also abolished tuition fees. Subsequently, tuition fees were reinstated. The government now regulates the maximum fee and maximum enrolments for domestic undergraduate students, but allows universities to set their own enrolment and fee levels for international students and domestic higher degree students.³ In addition to the tuition fees received from students, the Commonwealth provides funding for domestic undergraduate and higher degree by research students (doctorates and research master degrees) 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.⁴

Tuition fees from the unregulated portion of the total student load for public universities, namely international undergraduate students and all coursework master 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 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 centers 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. The block grant funding for research is the component of funding likely to be first affected by outcomes of the ERA performance evaluation. 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.

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

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 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.

⁴ The amount per student varies across each discipline cluster and level of study. Economics is within the cluster with the lowest funding per student.

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 for international and postgraduate students is generally substantially 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

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) is designed to build on the quantitative information that is already collected for determining research infrastructure block grants. The quantity information is to be supplemented by quality information regarding publications and other research outputs, and then all the information is to be subjected to evaluation by committees of discipline experts.

Responsibility for administration of the research evaluation under ERA has been 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 quality measures being developed by the ARC for ERA include rankings of academic journals into four quality bands, similar rankings for conferences in some disciplines, and either citation analysis or peer review of selected individual publications.⁷ The mix of quality measures to be used in each discipline is designed to match normal practices of the discipline. For the economics discipline, peer review of a sample of publications will be used rather than citation analysis, which recognizes the long lags in citations common for economics publications.

All of the quantity and quality data for a discipline are to be provided to a Research Evaluation Committee (REC) consisting of discipline experts (not necessarily all academics) covering the related disciplines within each of eight clusters. The cluster within which economics is included for the purposes of the ERA performance evaluation is the Social, Behavioural and Economic (SBE) cluster, which covers most social science disciplines along with business and education. Members of the RECs will be drawn from Australia and overseas, representing the various different disciplines included in each cluster. Mainstream economists are likely to dominate those positions on the SBE REC that are allocated for economics.

Each REC will provide a score for each university in each discipline classification within its cluster. The scores are to be in five quality bands indicating whether the research performance is well above average, above average, average, below average and well below average as compared to a world benchmark. There is no prescription provided as to how the RECs are to combine the information from the various quantity and quality measures, rather the RECs are expected to use their expert opinion on the relevance of various measures to the determination of performance in the particular discipline.

Universities are to provide a coding for each item of research output into four-digit classifications of the Field of Research (FoR) classification scheme provided in the Australian Bureau of Statistics (see Australian Bureau of Statistics (ABS), 2008a for details). Likewise, each individual researcher will have their research effort allocated across up to three four-digit FoR codes. The RECs will then provide an evaluation score for each two-digit and four-digit FoR classification at each university, based on the output and effort coded to that classification.⁸ The structure of the FoR classification scheme and the controversies associated with it are discussed in the next section.

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 There are also research output categories for the creative arts, including original creative work, live and recorded performances and certain exhibitions.

⁸ There are minimum levels of research output required before an evaluation will be undertaken for a particular four-digit discipline classification at a particular university. Otherwise, the output will be used in evaluating the university at the two-digit FoR code level, but no score will be provided at the four-digit level. It is likely that at some smaller universities the amount of output at even the two-digit level might be insufficient for a scoring to be undertaken.

It is important to note that the ERA scores are to be for the research conducted within a discipline or sub-discipline rather than within an administrative unit or for a nominated group of individuals. This represents a departure from standard practice in research evaluations overseas. Also, the evaluation is meant to be comprehensive, covering all academic staff employed in positions that have at least some research activity as part of their job description. There is no discretion for universities to opt out some individuals.

III. Research Classification Codes for Economics

The Australian Bureau of Statistics (ABS) reports biennially on research activity in higher education (almost exclusively in universities). The information includes the amount of expenditure and number of individuals (including academic, other staff and research students). Published data are broken down by type of activity (pure, basic, applied and experimental), by location (state or territory within the Australian Commonwealth), by source of funding and by research field. Economics is at the finest level of disaggregation for which data are published and accounted for some AUD\$134 million of expenditure in 2006, which was approximately 2.5% of total research expenditure in the higher education sector in that year (see ABS, 2008b, Table 2.4).

In 2007 the ABS undertook a review of its classification system for reporting research activity. According to the preface to the document explaining the revised system, 'The Australian and New Zealand Standard Research Classification (ANZSRC) has been developed for use in the collection, analysis and dissemination of research and experimental development statistics in Australia and New Zealand' (ABS, 2008a, p. v). The preface goes on to explain that the revision is a response to changes in the R&D sector in Australia and New Zealand as well as changes in user requirements for R&D data. This reclassification occurred during the early stages of preparations for research assessment of Australian universities, although there is no explicit mention of the forthcoming assessment as a rationale for reclassification.

The classification scheme put out for consultation in 2007 listed the history of economic thought (HET) and economic history (EH) within the two-digit classification "philosophy and religious studies" (FoR 22), specifically they were included as six-digit classifications within the four-digit classification "history and philosophy of specific fields" (FoR 2202). Previously, they had jointly constituted one of five sub-disciplines of economics. At the time, historians of economic thought (a group that includes many heterodox economists) and economic historians (more mainstream, but often viewed as methodologically deviant because of their ambivalence toward mathematical theorizing) strenuously objected to their separation from economics. At the end of the consultation, the new classification scheme retained "history of economic thought" within economics as a six-digit classification within the four-digit classification "economic theory" (FoR 1401), while "economic history" was retained as a six-digit classification within the four-digit classification "applied economics" (FoR 1402).⁹

As noted in the section above, the ERA evaluation of research performance is to be based on FoR classifications. In preparation universities are now asking academics to allocate their research activity (both effort and outputs) over fields of research (FoR) codes as defined in the ABS research classification scheme. Effort and each individual output is to be assigned in terms of percentages to between one and three classifications at the four-digit level of the FoR classification, with the allocated percentages adding up to 100%. Within the two-digit FoR classification for "economics" (FoR 14) there are four-digit FoR codes: "economic theory" (FoR 1401), "applied economics" (FoR 1402), "econometrics" (FoR 1403) and "other economics" (FoR 1499). "Heterodox economics" is the

⁹ The struggle to maintain the classification of history of economic thought and economic history as part of economics is discussed in Kates and Millmow (2008).

heading for one six-digit code within FoR 1499, while the other six-digit codes in 1499 are for “ecological economics”, “comparative economics” and “economics not elsewhere classified”.¹⁰

The classification system and allocation process is certain to lead to understatement of the amount of activity classified as heterodox economics. Heterodox economists who classify their full research effort as belonging to FoR 1499 are stating that they do not devote effort to economic theory (including history of economic thought), applied economics (including economic history and other standard subject areas, such as health, international and labor) or econometrics. A choice is required between the heterodox orientation of the research and the method or subject matter; theory, applied or econometric. Of course, a compromise of sorts is possible with classifying part of effort and part of each output to more than one four-digit FoR code, but even here the attribution to heterodox economics is a fraction of the whole.

The severity of the understatement of research output in heterodox economics will be particularly severe with regard to journal articles. Here, the output will be allocated to the FoR code that has been assigned to that journal for the purposes of ERA. Originally it was decided that each journal would have only a single two-digit or four-digit code. However, after consultation the final journal assignments list up to three FoR codes for each journal. Where a journal has multiple FoR codes, a choice can be made of any of the included codes or percentages of the output can be allocated over more than one code. There is also a list of multidisciplinary journals, for which articles can be allocated to any FoR code. Most economics journals have only a single FoR code assigned, implying that all articles in that journal are automatically allocated to the FoR code for the journal.

Table 1 lists the FoR codes assigned to the 62 heterodox journals identified by Lee and Cronin (2010) in their contribution to this special issue.¹¹ Notably, only six are assigned in whole or in part to FoR 1499. The six are two journals in ecological economics, *Ecological Economics* and *International Journal of Green Economics*, two political economy journals, *Australian Journal of Political Economy* and *Rethinking Marxism*, one comparative economics journal, *Economic Systems Research*, and one journal, *International Journal of Social Economics*, that is presumably deemed either to be heterodox economics or economics not elsewhere classified. It seems heterodoxy is pretty much an empty box as far as journal classifications are concerned.¹² The only four-digit economics code to which fewer heterodox journals have been assigned is “econometrics” (FoR 1403). Thus, under ERA articles in heterodox economics journals will not be attributed to heterodox economics in terms of being counted in the broader classification “other economics” into which heterodox economics has been classified.

¹⁰ Heterodox economics was not recognized in the ABS research classification prior to the latest revision. Instead, there was a category of political economics, which presumably is now meant to be included within heterodox economics.

¹¹ The number of journals in Table 1 adds up to more than 62 because some journals have more than one FoR code assigned. One journal, *Journal of Economic Methodology*, is assigned to both FoR 1401 and 1403. Another journal, *Intervention: European Journal of Economics and Economic Policy*, is assigned to both FoR 1401 and 1402. Nine journals with four-digit economics codes also have four-digit codes outside economics. These are mostly history of economic thought journals, which are also assigned to the code for “history and philosophy of specific scientific” fields (FoR 2202), and political economy journals, which are also assigned to the code for “political science” (FoR 1606).

¹² There are also six journals from the Lee and Cronin (2010) listing that are assigned to the “economics” two-digit FoR code, 14, without being assigned to any component four-digit code. These are *Cambridge Journal of Economics*, *Metroeconomica*, *Review of Austrian Economics*, *Econ Journal Watch*, *Quarterly Journal of Austrian Economics* and *Journal of Interdisciplinary Economics*. Articles published in these journals may be assigned to any of the four-digit codes with the 14 code.

Table 1 – Distribution of 62 Heterodox Economics Journals by Field of Research (FoR) code

FoR code	number of journals
14 – economics	6
1401 – economic theory	16
1402 – applied economics	22
1403 – econometrics	1
1499 – other economics	6
FoR codes other than 14, 1401, 1402, 1403 or 1499	33
not ranked	2

Source: http://www.arc.gov.au/era/era_journal_list.htm (accessed 29 April 2010)

IV. Ranking of Journals

The journal rankings that have been developed for use in the Excellence in Research for Australia (ERA) evaluation have been derived in a consultation process with universities, academic societies and individual academics. A preliminary ranking developed by the Australian Research Council (ARC) ERA team put out for consultation with the academic community listed over 400 economics journals, that is journals assigned to FoR 14, 1401, 1402, 1403 or 1499, along with thousands of journals classified in other FoR codes. The preliminary rankings were based on submissions from academic societies and other peak academic groups, with the economics rankings largely based on a submission from the Economic Society of Australia (ESA).

The ESA ranking of journals was based on a survey of professors of economics and econometrics working in Australian universities.¹³ Each respondent was asked to rank a list of journals into four bands, A*, A, B and C, with A* journals representing the top 5%, A the next 15%, B the next 30% and C the bottom half. Respondents were not required to rank all journals, but neither were they disqualified from ranking journals with which they had limited familiarity. The overall ESA ranking was determined by a simple average of individual respondent rankings, with A* given a value of 1, A given 2, B given 3 and C given 4. The numerical averages were then grouped into letter ranks by designating the top 5% of journals as A*, etc. The rankings of the individual respondents were far from uniform, with the standard deviation of the numerical scores generally being greater than 0.5 (more than half way between adjacent letter ranks).

The preliminary ranking of journals for ERA was released for consultation in mid 2008. Comments were invited from universities, academic societies and individuals. Many issues were identified including the same journal being ranked in more than one discipline, sometimes with different ranks. The ARC utilized committees of experts from the various discipline groupings to move towards consistent classifications and rankings, which took account of the responses to the preliminary rankings. During this process the ESA made strong representations that the results of its survey should determine the ranking of journals assigned to the economics FoR codes (14, 1401, 1402, 1403 and 1499).¹⁴

Table 2 presents the distribution of ranks for the group of 62 heterodox journals identified by Lee and Cronin (2010) in their contribution to this special issue. The first three columns show the ranking category, the target percentage that was set for journals to be included at this rank, and the actual distribution of ranks for the 62 heterodox economics journals. Also shown in Table 2 is the distribution of ranks for the same journals based on the ESA survey of economics and econometrics professors.

¹³ Details of the design and implementation of the survey are reported in Abelson (2009).

¹⁴ See Abelson (2009) for a discussion of the ESA's efforts to resolve in its own favour the differences between the ARC preliminary rankings and the rankings in the ESA survey.

Table 2 – Distribution of Rankings of 62 Heterodox Economics Journals
(% of total in parentheses)

Rank	Target percentage	ERA rankings	ESA survey rankings
A*	5%	1 (2%)	0 (0%)
A	15%	16 (26%)	13 (21%)
B	30%	25 (40%)	25 (40%)
C	50%	18 (29%)	17 (28%)
Not Ranked		2 (3%)	7 (11%)

Sources: ERA rankings: http://www.arc.gov.au/era/era_journal_list.htm (accessed 29 April 2010)

ESA rankings: <http://www.ecosoc.org.au/cc/publications> (accessed 29 April 2010)

On first glance the ERA rankings seem to have treated heterodox journals reasonably well. While there is only one heterodox journal ranked A* journal, A* are targeted to account for only 5% of total ranked journals. 16 of the 62 ranked journals (26%) are in the A category for ERA, which compares to a target of 15% for the full sample. The journals ranked to category B are also higher for ERA (40%) than the 30% target for the full sample, while the C ranked journals are only 18% for ERA compared to a target of 50% for the full sample. If the 62 heterodox journals were separated as a group and required to have a distribution matching the targets set for ERA, there would be perhaps one or two more A* journals but many fewer A and B journals than in the ERA rankings.

There are three important caveats to the apparently favorable ranking of the heterodox journals. First, they are not based on a like for like comparison. Based on their analysis of journal quality equivalence, Lee and Cronin (2010) conclude that ‘the Australian rankings systematically undervalues the heterodox journals that are included’. This reflects both the low number of heterodox journals that are highly ranked in the ERA ranking and the variable scores on the Lee and Cronin ranking scale for the top tier mainstream journals.

Second, as also shown by Lee and Cronin, the relative position of the heterodox journals differs from their relative ranking based on their quality from the perspective of heterodox economics. For example, according to the ERA targets approximately 20% of journals should be ranked A* or A, but among the top 12 out of 62 heterodox journals based on the scoring of Lee and Cronin none are ranked as A* in the ERA rankings, five are ranked as A, six are ranked as B, and one is ranked as C. Further, the one heterodox journal ranked as A* for ERA, *History of Political Economy*, is only number 23 in the Lee and Cronin ranking.

It is arguable that the heterodox economics journals with higher rankings for ERA are not those most important and attractive to heterodox economists. Rather the heterodox journals with high rankings are those important and attractive to mainstream economists, as the ERA rankings have been determined largely by the ESA survey of economics and econometrics professors. Of the 55 heterodox journals in both the ERA and ESA rankings, the ranks are identical for all but six. The six journals with different ranks include five that are one rank higher for ERA than in the ESA survey, which can be attributed to the influence of specialist interests related to, but separate from, heterodox economics.¹⁵ The one case where a heterodox journal has a lower ranking for ERA (rank C) than in the ESA survey (rank A), *Journal of Economic Issues*, appears to have been the result of an administrative error and breakdown in communications in the intent by the ARC to implement the results of the ESA survey.¹⁶

¹⁵ The specialists whose interests have been served are historians of economic thought, with three history of thought journals being ranked higher in the ERA rankings than in the ESA survey (two journals going from B to A rank and one going from A to A*), and political scientists, with two political economy journals that are solely or jointly assigned to the “political science” classification (FoR 1606) upgraded from B in the ESA survey to A in the ERA rankings.

¹⁶ Correspondence regarding the *Journal of Economic Issues*, from Margaret Sheil, CEO of the Australian Research Council, dated 12 March 2010 notes, ‘the ARC has worked closely with the Economic Society of Australia (ESA) to develop the journal rankings for Economics disciplines. I can confirm that this journal was considered by the ESA through several iterations who maintained their recommended C ranking.’ Peter Abelson,

A third important caveat required in regarding the ERA rankings as favorable to heterodox economics is that most of the 60 ranked heterodox economics journals are not recognized as relevant to heterodox economics for purposes of the ERA performance evaluation. As noted in the previous section only six journals are classified into the category “other economics” (FoR 1499). Of these six, only one is ranked A, two are ranked B and three are ranked C. Thus, the discipline-based classification scheme for research output in ERA means that most articles in high-ranking heterodox journals will not contribute to a high quality ranking for the four-digit classification “other economics” that includes heterodox economics.

V. Other Evaluation Metrics

The small number of journal articles in heterodox economics likely to be classified in the category “other economics” (FoR 1499), and the relatively low quality rankings assigned to the journals in which these articles appear argue against a good performance evaluation for the category including heterodox economics. Of course, journal article quantity and quality are only two of the metrics that will be assessed by the Research Evaluation Committee (REC) for the Social, Behavioural and Economics (SBE) cluster evaluating the economics discipline (FoR 14 and its component four-digit codes). Also, included are publications of research books, book chapters, papers and presentations at refereed academic conferences. Further, there are data on external research income (excluding Commonwealth block grants to universities, but including Commonwealth funded competitive research grant schemes). However, heterodox economics is unlikely to score well in any of these other metrics, further contributing to a poor showing for the “other economics” classification in the performance evaluation score.

The problem for the “other economics” classification in achieving high scores on evaluation metrics beside journal articles can be illustrated by examining data from the Australian Research Council (ARC) on research funding provided through two major grant funding schemes that are available to individual researchers or research teams in universities. Applications for funding require the applicant to specify one or more discipline classification codes relevant to the application, along with a percentage weighting if more than one code is chosen. This coding is done at the six-digit level of the classification, which would separate heterodox economics in the current classification scheme, but the most disaggregated data published is at the level of four-digit FoR code. Table 3 shows the number of grants and total funding tabulated by the four-digit codes for economics.

Table 3 – ARC Funding Grants in Economics by FoR Classification 2002 – 2008
(% of total in parentheses)

FoR classification	Number of grants	Amount of ARC funding
1401 – economic theory	28 (10.3%)	8,727,463 (13.4%)
1402 – applied economics	194 (71.1%)	45,637,948 (70.1%)
1403 – econometrics	47 (15.5%)	10,060,042 (15.5%)
1499 – other economics	4 (1.5%)	637,216 (1.0%)

Source: http://www.arc.gov.au/xls/WebData_RFCD_to_FAO.xls (accessed on 29 April 2010)

The classification of grants in Table 3 is according to the new ANZSRC classification scheme, but the classification scheme available to applicants at the time that the grants were submitted was the pre-existing ASRC. The grants have been reclassified based on a concordance between the classification schemes. As explained in section III above, the change in classifications removed economic history and history of economic thought as a sub-discipline, so grants in that sub-discipline have been redistributed. Also, changed were the groupings within the “other economics” classification, with the

who acted as liaison for the ESA with the ARC over the iterations referred to by Margaret Sheil, notes the following in regard to the *Journal of Economic Issues*: ‘ARC downgraded this from ESA recommended A to C. Regrettably this change appears to be due to confusion between this journal and another, possibly the Journal of Environmental Informatics.’

grouping “political economy” removed and the groupings “heterodox economics” and “ecological economics” added to the prior groupings of “comparative economic systems” and “economics not elsewhere classified”.

According to the data in Table 3, “other economics” (FoR 1499) accounts for a miniscule portion of grant-funded economics research at 1.5% of grants and 1% of funding. The implication is that heterodox economics, as part of this classification, is unimportant in terms of funded research. Of course, there was no coding for heterodox economics in ASRC, so any such implication is unwarranted. However, this finer point is unlikely to be noticed when the evaluation metrics are considered by the Social, Behaviourial and Economic Research Evaluation Committee (SBE REC) in providing a score for “other economics” at the various universities.

In addition to the impact of the historical conversion of research categories, there is the previously noted fundamental problem inherent in the structure of both the old and new classification schemes that will lead to heterodox economics activity being understated in the ERA evaluation. Both schemes distinguish classifications within economics by method and subject, which leads to the four-digit FoR classifications of “economic theory”, “applied economics”, “econometrics” and “other economics”. However, there is no distinction between mainstream and non-mainstream approaches within any of the categories, other than placing heterodox economics as a six-digit classification within “other economics”. Much funding of research that is heterodox in approach is likely to have been classified into four-digit FoR codes for “economic theory” and “applied economics”, or even “econometrics”, just as Table 1 shows has occurred with the assignment of heterodox economics journals to FoR codes.

Universities have discretion in assigning FoR codes for publication outputs other than journal articles, which includes books, book chapters and conference papers.¹⁷ Although the choice of coding is the responsibility of the university, they can be expected to generally follow the advice of the author where the author is willing and able to participate. Here, heterodox economists have the opportunity to designate their work as belonging to the classification “other economics” (FoR 1499). However, there are reasons to expect that even here the output of heterodox economics will be underreported.

First, the assignment of any particular output will need to deal with the fundamental problem of the overlapping nature of the FoR codes in economics. For most heterodox economics this creates a conflict between classification by subject and approach. For example, it will be tempting to assign a book containing a heterodox treatment of macroeconomics wholly or partially to “economic theory” (FoR 1401) or to “applied economics” (FoR 1402) rather than assigning wholly to “other economics” (FoR 1499).

A second deterrent facing authors in classifying heterodox publications as belonging to “other economics” is that output in this classification at their university may be insufficient to reach the minimum threshold required for a performance score. For disciplines, such as economics, where peer review of publications is utilized a minimum of 30 items of assessable output is required. Given the small number of journals for which articles will be classified as belonging to “other economics”, a large number of books, book chapters and conference publications will be required before a performance score is possible. Further, for any publication that is designated as belonging partially to “other economics” and partially to another FoR code, only that portion designated as “other economics” counts towards satisfying the 30 item threshold.

A final deterrent likely to affect classifying publications as belonging to the “other economics” is the results in a trial of the ERA performance evaluation conducted in 2009. This trial only involved the clusters for Physical, Chemical and Earth Sciences (PCE) and the Humanities and Creative Arts (HCA), but each of the two-digit FoR classifications involved in the trial includes a four-digit code for

¹⁷ In some disciplines FoR codes have been assigned by the ARC to a list of conferences, but this has not occurred in economics.

other research in the discipline. These “other” codes are designated by the last two digits of the code being 99. The published results show generally poor results for “other” FoR codes.¹⁸

The published results provide only a maximum score and an average score over all reporting institutions, as is consistent with the intention not to publish results for individual universities. Across the eight different two-digit FoR classifications in HCA, there is not one in which the average score for the “other” code (FoR xx99) is above average for the world standard and in each two-digit classification the “other” code has the lowest score of any of the four-digit codes. No such clear pattern emerges in the results for the three two-digit FoR classifications included in PCE, but it is telling that there is no institution that reached the minimum output threshold for the “other” code in the earth sciences (FoR 0499). No information is provided on the number of institutions scored in each FoR classification, but the earth sciences result is suggestive that generally only a small number of institutions met the minimum threshold in for the “other” codes.

6. Likely Outcomes and Lessons for Heterodox Economists

The ERA evaluation of university research performance being undertaken in Australia is somewhat unique in that the evaluation is being done by discipline rather than by individual or organizational unit. As outlined above, the classification system to be used for measuring research output relegates heterodox economics, economic history and the history of economic thought to classifications of “other economics”, “applied economics” and “economic theory”, respectively. This seems sure to lead to hiding the magnitude of non-mainstream research activity. There are also likely to be negative implications in terms of the quality evaluation of heterodox economics research, at least judging from the scores awarded to work in the “other” codes within those disciplines included in a 2009 trial of the ERA (economics was not included in this trial).

I am among the many economists who are self taught when it comes to economic analysis that is outside the mainstream. My education as an undergraduate at the University of Michigan (mainstream – left) and postgraduate at the University of Chicago (mainstream – right) provided limited pluralism in either ideas or method. It is largely due to colleagues, particularly at the University of Denver in the mid 1970s to the mid 1980s, that I was exposed to alternative approaches to economics. I had already established a publication track record in mainstream applied economics (industrial economics and international trade) before beginning to publish in heterodox journals. I continue to engage with both heterodox and mainstream research, publishing in both mainstream and heterodox journals and participating in both mainstream and heterodox organizations.

From the perspective of an outsider, I’ve experienced referees and grant assessors who view research in heterodox economics with indifference or even open hostility. As an insider, particularly as a former editor of a mainstream journal and as a current member of a panel advising government on funding research grants, I know that such reactions aren’t universal and that a substantial group of mainstream economists provide fair reports on heterodox research and grant applications. Further, at least in the case of Australia, I am reasonably confident that journal editors and national research funding bodies make efforts to limit the impact of unfair assessments on the selection of papers for publication and the recommendation of grant proposals for funding.

As an outsider on the inside, I see growing vitality of heterodox economics research in Australia over recent decades. There is a large and growing community of heterodox economic scholars producing a substantial body of interesting and important research.¹⁹ Yet, the advent of a national research evaluation under ERA poses great challenges to this community. The output of heterodox economics

¹⁸ For results of the trial evaluations see http://www.arc.gov.au/era/HCA09_trial.htm and http://www.arc.gov.au/era/PCE09_trial.htm (accessed 30 April 2010).

¹⁹ The Society for Heterodox Economics, an Australian based group, currently has over 200 subscribers to its mailing list and its annual conference regularly has over 100 attendees.

research will be woefully understated and heterodox economists are likely to be undercounted. When the output is counted it will be as part of the “other economics” classification, which is likely to achieve a poor performance score. Thus, heterodox economics will be further marginalized and tarnished with a low quality reputation.

For heterodox economists already employed in universities the individual consequences are not likely to be quite so severe. All of their research funding and publications will be attributed to them as individuals regardless of the field of research (FoR) code to which the metrics have been assigned. The quality of their work will not be individually evaluated by a research evaluation committee, which will most likely be dominated by mainstream economists. Even where some of their research output is sent for peer review, the results of the review will not be available to their employing university. They can survive in the guise of pluralist economists, which is an apposite characterization for individuals whose research output and effort is spread over a number of research classifications. However, the marginalization of heterodoxy will still matter in terms of diminishing the likelihood of hiring like-minded colleagues. What university will want to build up its staff profile in an obscure and low quality specialization within economics?

Let me close by applying some ideas generated from my work in evolutionary economics (a sometimes neglected branch of heterodox economics). In analyzing the relationship between innovation and dynamic competition in industry it is noted that there is resistance to new products, processes and ways of doing business. Progress requires overcoming this resistance. Scientific discourse is a social construction and, as such, has built in biases favoring the status quo. This puts resistance in the way of those wanting to pursue careers in heterodox economics.

Will resistance from the mainstream prevent the further development of heterodox economics? Not likely, but challenging orthodoxy will not be any easier in economic science than is challenging established practices in industry. Fortunately or unfortunately, the rewards to success in making progress in economics are different than in industry. Instead of generating enormous fortunes for successful entrepreneurs, the payoffs to innovative scholarship are more akin to those in non-commercial artistic endeavors. Thus, the circumstances facing heterodox economists might be described by the old saying, you have to suffer if you want to sing the blues.²⁰

There are some things Australian heterodox economists can do collectively to improve the outcomes for heterodox economics in future research evaluations. First they can emulate the behavior of historians of economic thought. Not only was this group able to restore its classification as part of a core field of research within economics, namely economic theory, but three journals in the history of economic thought have been ranked higher in the ERA rankings than they were in the survey of economics and econometrics professors. As noted above, only two other heterodox journals had a similar achievement. Perhaps the relatively young Society of Heterodox Economists (Australian based but not necessarily Australian focused) can emulate the pattern of behavior of its more established counterpart, the History of Economic Thought Society of Australia.

A second collective project that might improve the evaluation outcomes for heterodox economics would be to push for better placement of heterodox economics within the research classification scheme used by ERA. The key objective would be to achieve placement outside the “other economics” field of research. The experience of the trial evaluation in humanities and creative arts demonstrates that placement in the “other” code within a discipline is deadly in terms of the evaluation of research performance. Ideal for heterodox economics would be to be grouped with fellow travelers, history of economic thought and ecological economics, under a heading such as alternative economic analysis. However, even a placement within the “applied economics” or “economic theory” classifications would be preferable to being left on the outsiders in “other economics”.

²⁰ In this context, Butler, et al (2009) provides an illuminating history of heterodox economics at the University of Sydney.

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