4th National Honours Colloquium Dinner
7 – 10pm, Friday 18 August 2006
Bayside Terrace, Sydney Exhibition and Convention Centre
Darling Harbour

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Distinguished guests, academic staff, sponsors and donors, Alumni Leaders, Colloquium Participants – thank you for the invitation to be Guest Speaker at this wonderful celebration. As a graduate of the UNSW, I’m delighted to be here this evening.

Firstly, I would like to congratulate the Faculty of Commerce and Economics at the UNSW on this wonderful initiative. The opportunity for Honours students from each state of Australia and from New Zealand to receive feedback on research, build networks and exchange ideas, as well as the chance to meet industry leaders is unique – I only wish that it had been in place when I was an Honours student in the mid 1980s.

Secondly, I would like to thank the sponsors and donors for making the Colloquium possible. Your support is testimony to the value that you place on high quality business education and research.

Thirdly, and most importantly, I would like to add my congratulations to you, the participants who were selected to be part of today’s Colloquium. I trust that your experience will prove to be invaluable – not only to your research, but also to your future careers.

For many of you, deciding to undertake an honours degree was probably not an easy decision. It means delaying your entry into the full-time workforce, and giving up the income and freedom that goes with that. I know from my own experience – and from talking to many graduates – that one of the best things about completing a university degree is finally having evenings and weekends free to pursue other interests. And to be able to do so without that gnawing guilty feeling that you really should be reading that extra paper, or working on that thesis. But each of you have decided to forgo that freedom – to undertake the most demanding work of your academic careers and to struggle with giving birth to a brilliant thesis. So as I said, deciding to undertake an honours year is not an easy or costless decision.

But it is the right decision, and it is one that I warmly congratulate you for making.

Your honours degree will open doors for you. It will help make you a more rigorous thinker. And it will also make you a more effective analyst or researcher. Whether you go into the public sector, the private sector to work for a large firm, start your own business, or go on to undertake a PhD, this ability to think rigorously and analytically will stand you in very good stead in the years ahead. So too will the friendships and networks that you make through this year. And I hope that along the way that you will also have time for some fun.

I said a moment ago that your honours degree will open doors for you. As an example of this I thought I could briefly recount my own story. I grew up, and went to school, in Cootamundra and Wagga Wagga in regional New South Wales. Like many of my classmates, when I finished school I had a general feeling that I wanted to go and see what life was like in the big smoke – in my case – Sydney. I also thought I would like to do more study and was attracted to doing a degree in commerce or economics. But as the eldest of five children I knew this would pose a considerable financial burden on my parents – putting five children through university was not really an option.

Fortunately, though, the University of New South Wales offered a part-time commerce degree which I got into, and I was also able to get a clerical job at the Reserve Bank to fund my studies. I did this for a couple of years, but it became pretty clear to me from
watching how things worked at the Reserve Bank that you had to have an honours degree to progress. Even as I spent the days processing endless forms and punching numbers into a calculator, I could see how those graduates with an honours degree who were sitting just down the corridor from me had something special that set them apart. So I decided that I too would do an honours degree – in my case in economics and econometrics – and was fortunate to receive a scholarship from the RBA to do so.

In retrospect this was the best decision of my professional life.

Notwithstanding all the hard work, I had a tremendous time and more than 20 years later the friendships that I developed during that year remain incredibly strong. My thesis advisor was John Hewson – who as you know went on to lead the Liberal Party. At the time not only was he a professor at UNSW, but he was also working as an advisor to John Howard and had a consulting role at a merchant bank. I recall being in his office on many occasions when a call from Canberra would come in and he would have to take it and discuss some important matter of state. And then as soon as the call was over, it was back to discussing the details of my thesis topic which was the fledgling forward foreign exchange market in Australia. I remember it as an exhilarating time, where I was being constantly challenged and encouraged to come up with new ideas and perspectives. I found the process of writing a thesis incredibly frustrating at times, but ultimately incredibly rewarding.

Having completed my degree I spent a couple of more years at the Bank before deciding that I should do some more study, and this time that I should go overseas. So on the strength of my honours degree from the University of New South Wales and support from the Reserve Bank, I applied to MIT – the Massachusetts Institute of Technology – which is one of the best places in the world to study economics. To my great surprise, I was accepted and so off I went for four more years of study in Boston.

I did so though with great trepidation given the reputation of MIT. But to my surprise, I found I fitted in quite well, and what’s more, I was much better prepared for the course than many of my classmates who had come from some of the best universities in the world. When I have talked to other Australians and New Zealanders studying overseas they often make the same observation – that they are better prepared than many others. What I did not realise at the time – but now see much more clearly – was just how good an education one gets doing an honours degree at an Australian university. The material that is covered, and the quality of the coursework, is really world class. When you finish your degree, hopefully at the end of this year, you can be confident that you have an education that compares very favourably with any other undergraduate education in the world.

After finishing my time at MIT, I again returned to the Bank where I have been fortunate enough to have had tremendously interesting jobs. Not only do I work with an extremely talented group of people, but I have been able to travel to almost every corner of the world, including living and working in Switzerland for a few years. The training that I received at the UNSW continues to this day to provide the background for much of the work that I do. Whether the issue is monetary policy, the economics of the payments system, the operation of global capital markets, or developments in the Australian financial system, my honours degree has provided the basic training upon which I rely on day in and day out.

As I said before, doing that honours degree was the best decision of my professional life.

So that is probably enough about my journey. As you may know the Reserve Bank is one of the largest hirers of honours graduates in economics and finance in Australia. As John Piggott said a moment ago we hired three graduates from last year’s Colloquium. So I thought it might be useful to talk briefly about what we are looking for when we are
making hiring decisions, and the type of skills and characteristics that typically make for a successful graduate.

Here I would like to mention four things.

The first is the ability to think analytically about economic and financial issues.

The second is the ability to write well.

The third is the ability, and importantly, the willingness to contribute to discussions.

And the fourth is the importance of strong interpersonal skills.

Now obviously, in an institution like the Reserve Bank, we need graduates who have first-rate training in economics and finance – that's why we almost exclusively hire honours graduates. But what we are really looking for are people who can draw on their economic and finance training to think clearly and analytically about issues – whatever policy area they work in.

But an ability to think analytically about issues is of limited value if you can’t communicate your ideas. So that brings me to my second and third points – the need to be able to write well and to communicate effectively. By writing well I don’t just mean getting the grammar right. While this is obviously important, its not as important as being able to structure your arguments in a convincing and succinct manner. You have probably heard it said that it takes more effort to write one page than it takes to write ten. From bitter experience, I know that there is more than an element of truth in this. There is real skill in knowing what to put in and what to leave out, and in knowing how to structure arguments. This is a skill that you are no doubt refining as you write your thesis, and it is worth working just as hard on it as you do on your analytical skills.

The other part of communication is, of course, oral communication. This is an area where I often see many graduates sell themselves short. In most workplaces, including at the Reserve Bank, people spend a lot of time discussing ideas – its often out of these discussions that new perspectives, or ways of doing things, emerge. I am sure that you find the same thing in the university environment. But for the process to work as well as it should, everybody needs to make a contribution. As a graduate, you have a responsibility to be part of that process. Often it is not an easy thing to do though – you are going into an environment in which people have considerable experience and knowledge, and so there can be a natural reluctance to participate.

I know from my own experience that it is often hard to have the confidence to speak up. But from seeing many graduates over the years, it is fair to say that often those who really stand out are those who are prepared to participate in discussions and to do so in a structured and effective manner. Having the courage to overcome any fear that you might have of being seen to be a fool will stand you in good stead in the years ahead.

The final characteristic that I listed was having strong interpersonal skills. This is perhaps an obvious point. But no matter how good your skills are in other areas, to be effective you need to be able to get on well with people from a broad range of backgrounds. It is not a matter of being everyone’s best friend, but rather one of showing respect and tolerance for different points of view.

So that in a nutshell is what I think makes a successful graduate – a first rate mind, an ability to write and communicate effectively and respect for different perspectives. Your honours year gives you an excellent opportunity to hone these skills – to not only ensure that you have the best analytical training that you can have, but also have the right skills to take advantage of that training to the maximum. Today’s Colloquium is an outstanding opportunity to do just that.
So once again I would like to congratulate both the organisers and each of you participating in today’s event. I feel sure that each of you will look back on the experience as a pivotal one in what I hope will be brilliant careers.

Thank you very much for your time this evening.