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## Contents

Distinguished Alumnus Column	1-3
Department News	4-8
Conferences	9-10
Focus	11-12
Publications	13-15
Staff News	16-17
Student News	18-19
Tan Chin Tuan Chair	20

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Economics Newsletter

# ECONOMICS NEWSLETTER

A publication of the Department of Economics  
Faculty of Arts & Social Sciences

## *Distinguished Alumnus Column*



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### *Public Service Leadership and the Department of Economics*

Success can be attributed to a combination of three factors: one, *nature*; two, *nurture* and three, *circumstances*. One word for circumstances is luck, and if the word luck is to be avoided, we may use the statistician's term, the stochastic factor.

As a university teacher, my main interest is in *nurture*. However, the limits of nurture at the university level must first be recognised. Most students come to the university as young adults for three or four years and out they go to the social university of real life where the stochastic factor or circumstances and life-long learning play important roles. The impact of the teaching process on undergraduates in the social sciences including economics must be there but cannot be that overwhelming.

One Chinese proverb says, "It takes 10 years to grow a tree, but it takes 100 years to nurture a man." Another Chinese proverb is more pessimistic. It says, "It is easier to change a kingdom than to change the nature of an individual." However, the limits to nurture notwithstanding, those in higher education can be forgiven if they maintain that they play a role, in varying degrees no doubt, in nurturing their students, in influencing their aptitude and their attitude. Without this conviction or faith, they would have lost the battle of educational value-added before commencement.

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Who then, one may ask, are the outstanding products of the Department of Economics? The first is Mr Goh Chok Tong, the Prime Minister of Singapore since 1990. Prime Minister Goh had a First from the Department in 1964. But if we stretch the Department historically to include the Department in Raffles College days, then another brilliant and important person in the firmament is Dr Goh Keng Swee. Like Prime Minister Goh Chok Tong, Dr Goh received his higher degree in Development Economics from abroad, but both received their first education in Economics locally; Dr Goh at the Raffles College and Mr Goh at the University of Singapore.

Indeed, Professor Thomas Henry Silcock, who was the first Professor of Economics and Head of the Department, told me that of all the students he had taught during his time, Dr Goh Keng Swee was the most brilliant. Without the unique contributions of both the Gohs, Singapore could have become quite a different society. Dr Goh was our first Finance Minister and later our Deputy Prime Minister. Together with the founding father of modern Singapore, Mr Lee Kuan Yew, the two Gohs, one followed by the other and each in his own ways, have played a critical role in transforming Singapore from a basket case to a showcase state.

The two Gohs alone are enough as alumni to put the Department of Economics in a unique and remarkable position in the world of higher learning. More than that, as I run through the list of Permanent Secretaries in the important formative years of this nation, Honours graduates of the Department feature very prominently. Names of Permanent Secretaries that come readily to my mind include Mr Ngiam Tong Dow, Mr Sim Kee Boon, Mr Tan Chok Kian, Mr Lee Keng Tuan, the late Mr K R Chandra and the late Mr Pang Tee Pow. Most of them served in the Ministry of Finance, which for most of the time then included the Ministry of Trade and Industry. Even today, with the return of so many very able and very gifted Singaporean graduates from abroad, and with the competition of so many other disciplines that have become available locally, we still can find one young, perhaps the youngest serving Permanent Secretary in the person of Mr Niam Chiang Meng. The career of this young

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continued from page 2

Permanent Secretary is of personal interest to me, for like it was just yesterday that I supervised his BA Honours thesis on the subject of *The Role of Government in Economic Development*.

The list of outstanding graduates of the Department, which any department of economics in the world should feel proud of, is still, nevertheless, very incomplete indeed. I have a look at our Singapore currency notes and I see the signature of Mr Lim Kim San. Indeed, I have also a special personal recollection on Mr Lim Kim San. I was surprised to be asked by the University Senate, when I had been for quite some time no longer the Dean, to be the Public Orator for the University in the conferment of an Honorary Doctorate by the University on him. Dr Lim was, among many other things, one of our Ministers of Finance and has been the Chairman of the Council of Presidential Advisors since its formation.

Another very outstanding economics graduate that I cannot afford to miss out, and do not want to miss out, and who also held a number of ministerial appointments, is Mr Howe Yoong Chong. He was, like Mr Sim Kee Boon, the Head of the Civil Service. He was, like Dr Lim Kim San, conferred with an Honorary Doctorate by the University Senate. Then, I have still to mention Mr S Dhanabalan, our former Foreign Minister, and Mr Othman bin Haron Eusofe, the Minister of State in the Manpower Ministry, and Dr Ow Chin Hock, the Minister of State for Foreign Affairs. In the University, Mr Othman was a contemporary of Prime Minister Goh Chok Tong. Mr Dhanabalan is currently the Chairman of the Development Bank of Singapore. He is also the Chairman of Temasek Holdings, that is reputed to have contributed, mostly very indirectly, to half of Singapore's GDP. Dr Ow was my academic colleague, when I was Head of Department.

My public service list of outstanding alumni is still incomplete. The late Dr Hsu Tze Kwang, who was at one time the Commissioner of Inland Revenue and Mr Lim Chin Beng who was Singapore's Ambassador to Japan (and before that, the Managing Director of the very successful Singapore Airlines) should be added.

It is very important to note that my list of very outstanding graduates is confined to the all-important public service and to ministerial appointments only. In this presentation, I have not included the academia, the think-tanks, or the private sector, or graduates from Malaysia and who have returned to Malaysia. At one time, the number of up-country students in the Department out-numbered the number from Singapore by roughly two to one.

One important factor contributing to the success of our graduates must be found in the Economics discipline itself. Economics is a discipline that deals with, *inter alia*, economic policy options. They range from monetary policy, exchange rate policy and banking policy to manpower policy, trade policy and wage policy. It is a subject that introduces to the young mind the role and limits of the state and of market forces, and the theory of value. In the transition from colonial rule to self-government, from an under-developed to an emerging economy, and then to an economy with one of the highest per capita incomes in the world, the Economics discipline fits in very well with the demand of the time for very rapid economic transformation.

As for the future, considerations of general education notwithstanding, the quality of the Economics undergraduates and graduate students as in the past will continue to be much more important than the quantity. The geographical catchment of students for us has become smaller. Competition from other disciplines has become greater. Yet Economics, like other disciplines in the social sciences, remains a field of study in which it is the *quality* of students rather than the *quantity* that makes the difference.

## *Economics Executive Programme Course on “The Prudential Regulations of the Banking Sector”*

The Department's Economics Executive Programme (EEP) organized the Executive Course on “The Prudential Regulations of the Banking Sector” under the Japan-Singapore Partnership Programme for the 21<sup>st</sup> Century.

The course was conducted over a period of 5 days from 15 – 19 November 1999, at the Faculty Lounge of Shaw Foundation Building (AS7), National University of Singapore. The joint sponsors were Japan International Cooperation Agency, Singapore, and Ministry of Foreign Affairs, Singapore.

There were altogether fourteen participants, all of whom were middle and higher-level executives from the Central Banks and government ministries of selected ASEAN countries, namely Cambodia, Laos, Myanmar, the Philippines and Vietnam.

The speakers were staff members from the Department. Besides lectures by the academics, the participants were also briefed by regulators

and practitioners from the Monetary Authority of Singapore and the Stock Exchange of Singapore.

Some of the topics covered were:

- Asian Financial Crisis : Lack of Adequate Prudential Regulations ?
- Prudential Regulations : Concepts and Issues
- Bank Regulations in the New Information Age
- Bank Regulations : Effectiveness of Capital Adequacy
- Global Financial Integration : The Need for Regulations

Most of the participants indicated that they had benefited from the lectures and the sharing of experiences. They looked forward to real-life applications in their own work areas and organizations when they return to their home countries.



Participants and speakers of the Economic Executive Programme



## *ESU Forecasts and Analysis of CPF Restoration*

The Department's Econometric Studies Unit (ESU) held a press conference on Friday, 15 October 1999. At the conference, the ESU announced its quarterly economic forecasts for 1999 and 2000, and the findings of its investigations into the possible effect of CPF restoration on GDP growth.

The ESU forecast that the economic growth in Singapore for 1999 would be 6-6.5%. This forecast was obtained by combining an ESU regional model, which generates growth forecasts for Singapore's major trading partners, with a Singapore country model, supplemented by an analysis of likely developments in regional and global markets, the actual performance of the Singapore economy in the first two quarters of 1999, and current economic indicators. The GDP growth forecasts for Singapore and her major trading partners are given in the following table:

GDP growth forecasts (% change)			
	1998	1999 <sup>f</sup>	2000 <sup>f</sup>
Singapore	1.5	6.2	7.9
Malaysia	-7.3	5.6	6.8
Indonesia	-13.1	1.5	5.0
Thailand	-9.5	3.5	5.2
Philippines	-0.2	2.5	4.0
S Korea	-5.7	8.6	6.7
Taiwan	4.9	5.3	6.1
Hong Kong	-5.0	1.2	5.5
China	8.3	7.4	7.5
Japan	-3.1	0.8	1.0
US	3.9	3.6	2.6
ROECD	3.1	2.4	2.6

ROECD=rest of OECD

In a policy simulation study of the impact of CPF restoration, the ESU team found that a 2 percentage point restoration of the CPF rate reduces GDP growth by about 0.4 of a percentage point at a given Sin/US dollar rate. As a result, the full restoration to 20% would knock 2% off GDP growth.

### The impact of a CPF restoration on GDP growth in the Year 2000 under three alternative scenarios

Sin/US rate	NEER appreciation	CPF Rate					
		10%	12%	14%	16%	18%	20%
\$1.70	-3.7	8.7	8.3	7.9	7.5	7.1	6.7
\$1.60	2.3	7.9	7.5	7.1	6.7	6.3	5.9
\$1.50	7.9	7.1	6.7	6.3	5.9	5.5	5.1

NEER=Nominal effective exchange rate against ASEAN4 and NIE3.

If the currencies in the region appreciate by roughly the same magnitude, which the ESU team believes is likely as these economies continue to recover, the ESU feels that a CPF restoration by 2-4 percentage points is quite safe because the restoration would have positive demand side effects which were not accounted for in the study.

The ESU research team comprised Associate Professor Tilak Abeyasinghe, Associate Professor Peter Wilson, Dr David Owyong, Dr Anthony Tay and Dr Reza Siregar. Its research findings, and other information relating to the ESU, can be found at the ESU web site: <http://www.fas.nus.edu.sg/ecs/esu/>.

## *Economic Policy Forum (EPF)*

Since its inception in August 1998, the EPF has been very successful in attracting presentations by economists and researchers from various countries. The Forum has organised seminars on a wide range of policy issues. During the last six months, the EPF hosted nine talks, having presenters from universities in Hong Kong and Japan as well as staff from the Department. Details of the papers presented at the EPF from July to December 1999 are provided below:

<b>Presenter</b>	<b>Topic</b>	<b>Date</b>
Dr Paul Hooper Department of Economics, NUS	Thirty Years of Debate Amongst Economists About Taxi Competition and Regulation - What Have We Learned?	3 August
Professor Chew Soo Hong Visiting Professor, Department of Economics, NUS and Professor of Economics, Hong Kong University of Science and Technology, Hong Kong	Governance and Organization	17 August
Dr Chia Ngee Choon Department of Economics, NUS	Ownership and Use Taxes as Congestion Correcting Instruments	31 August
Dr Zhu Lijing Department of Economics, NUS	The Impact of Credit Control & Interest Rate Regulation on the Transforming Chinese Economy: An Analysis of Long-Run Effects	14 September
Dr Yu Qiao Department of Economics, NUS	Why Not Floating Renminbi?	28 September
Dr Chang Youngho Department of Economics, NUS	Reducing CO <sub>2</sub> Emissions: Perspective from Two-Sector Energy Model	12 October
Prof Shigeyuki Abe Kyoto University, Japan	Structural Adjustments and the Development of Intra-Industry Trade of Japan	25 October
Dr Aris Ananta Department of Economics, NUS	The Indonesian Economy: Where Is It Going?	26 October
Dr Ahmed Khalid Department of Economics, NUS	Policy Response to the 'Crisis' in Thailand, Malaysia and Indonesia: A Brief Assessment	9 November

## Staff Seminars

(July to December 1999)

The Department organises staff seminars on a weekly basis with the objective to provide an opportunity to the staff as well as economists from well-known universities around the world to discuss their latest or on-going research. Unlike the Economic Policy Forum, the papers presented at the Staff Seminars need not be on policy issues. During the period July to December 1999, the Department organised 13 seminars on a variety of topics including pure theoretical to applied economics. The details of paper presenters and the topics presented are provided below:

Presenter	Topic	Date
Professor Baldev Raj Wilfrid Laurier University Waterloo, Ontario, Canada	Productivity Slowdown in the U.S: A Peek Through the Structural Break Window.	8 July
Dr Bob Y Chan City University of Hong Kong, Hong Kong	Contagion Effects, Informational Effects, and Economic Fundamentals: An Analysis of Exchange Rate Dynamics during the Asian Currency Crisis.	9 July
Professor Chew Soo Hong Professor of Economics, Hong Kong University of Science & Technology, Hong Kong	The Market for Sweepstakes	10 July
Professor Andrew Feltenstein Virginia Polytechnic Institute, Blacksburg, USA	Bank Failures and Fiscal Austerity: Policy Prescriptions for a Developing Country	27 July
Dr Rana Hassan Asian Development Bank, Manila	The Impact of Imported and Domestic Technologies on the Productivity of Firms: Panel Data Evidence from Indian Manufacturing Firms	5 August
Professor Chew Soo Hong Visiting Professor, Department of Economics, NUS and Professor of Economics, Hong Kong University of Science and Technology, Hong Kong	Insecurity: A Non-Expected Utility Approach	12 August
Ms Gina P L Kek Trade Development Board, Singapore Dr Yong Jong Say Dept of Economics, NUS	Assessing the Welfare Effects of Parallel Importing: A Vertical Differentiation Model with Investment	16 September
Professor Ramkishan Rajan, Visiting Professor, School of Economics, University of Adelaide, Australia	Banks, Financial Liberalization and the East Asian Crisis	30 September
Professor Basant Kapur Department of Economics, NUS	A Hirschian Growth Process	7 October
Dr Wong Siu Kee Department of Economics, NUS	The Ramaswami's Arguments in a Multi-Commodity Setting	28 October
Dr Shinn-Juh Lin University of Technology, Australia	Wavelet Analysis of Index Prices in Futures and Cash Markets: Implication for the Cost-of-Carry Model	4 November
Professor Peter J Hammond Department of Economics, Stanford University, USA	Gains from Trade Versus Gains from Migration: What Makes Them So Different?	25 November

## *Visitors to the Department*

### *Young Officials from Ministry of International Trade and Industry, Japan*

The Department hosted a meeting and dialogue session between 10 young officials from Japan's MITI (Ministry of International Trade and Industry) and 20 Economics Honours year students. The young officials, aged 24-26, were on a training programme which brought them to a tour of various Southeast Asian countries.

The goal of this programme was to help the young officials, the future policy-makers of Japan, better understand the challenges facing Southeast Asia and to strengthen their basic policy making ability for Asia through dialogues with government officials, intellectual leaders,

university students, and workers, within the region.

The meeting was presided by Associate Professor Koh Ai Tee, Deputy Head (Development). It started with a presentation by the MITI officials on Japan's current economic situation and measures taken for revitalizing the Japanese Economy. This was followed by a dialogue session between the officials and the students which covered diverse issues such as Japan's ageing society, role of women in Japan's economic development, Japanese life-time employment, entrepreneurship, macroeconomic and structural reforms currently undertaken, and prospects for Japan's recovery. Apart from providing useful exposure to the Honours year students, the session also allowed them to network with the future policy makers of the second largest economy in the world.

## *Visitors from Vietnam*

On 1 Dec 1999, the Department hosted a visit by a delegation of eight members from the Ho Chi Minh National Political Academy (HCMNPA), an important political indoctrination organization in Vietnam.

The purpose of the visit was to study Singapore's experience in her integration into the global economy. Being academics, the delegates were also keen on learning about the department's curriculum and programmes.

The delegation was led by Professor Ho Van Vinh from the Ho Chi Minh National Political Academy and accompanied by Mr Nguyen Van So, First Secretary of the Vietnamese Embassy. Dr Lim Boon Tiong briefed the delegates on the Department's programmes and curriculum. The delegates were pleased to note that modules such as EC3211 The Asian Newly Industrialized Economies and EC3215 Comparative Economic Systems were offered. In particular, they noted that problems faced by countries in transition to market economy were discussed in EC 3215. The delegates were also briefed on the modular system, and the readings and reference materials for the various modules.

Dr Amina Tyabji and Dr Lim Kim Lian gave a brief overview of the Singapore economy. Assisted by an interpreter, the delegates fielded questions on the roles and functions of the Monetary Authority of Singapore, the management of the exchange rate, how money is issued by the Currency Board, and the roles and impact of small and medium enterprises in the Singapore economy. They were also interested to know about the physical planning, zoning and land regulations in Singapore, fiscal policy and the Budget. Of particular interest to the visitors was how the wage policy was carried out during the Asian Financial Crisis.



A briefing for delegates from Ho Chi Minh National Political Academy



Staff members are actively involved in research and this is reflected in the number of conference papers presented. Some of the conferences that our staff members participated from July to December 1999 are given below:

Staff	Conference Title	Title of Paper	Venue	Date
Dr Lu Ding	International Conference on Labour Market and Unemployment Policy in Transitional China. (Organised by Chinese Economists Society (CES))	Singapore's State-Endorsed Wage Increase Guidelines	Chengdu, China	3-4 July
Assoc. Prof. Tse Yiu Kuen	Workshop on Financial Statistics (Organised by University of Hong Kong)	A Test for Constant Correlations in a Multivariate GARCH Model	Hong Kong	4-9 July
Dr Jose Tongzon	Western Economic Association International's 74th Annual Conference	The ASEAN Investment Area: Challenges and Opportunities	USA	6-10 July
Dr Wong Wing Keung	The 6 <sup>th</sup> Annual Conference of the Multinational Finance Society	Can the Forecasts Generated from the P/E Ratio and Bond Yield be Used to Beat Stock Market	Canada	7-10 July
Dr Ahmed M. Khalid	Globalization, Economic Reforms & Development in Asia Pacific region (Organised by University of Western Sydney-Macarthur)	Trade Liberalizing Growth and Investment: A Sensitivity Analysis for Selected Southeast & East Asian Economies	Sydney, Australia	5-7 July
	1999 Australian Meeting of the Econometric Society (Organised by University of Technology)	Asian Miracle to Asian Crisis and the Role of Financial Liberalization: Evidence from Selected Asian Economies	Sydney, Australia	7-9 July
	1999 Asian Pacific Finance Association Conference (Organised by RMIT University)	Contagion Effects of Asian Economic Crisis	Melbourne, Australia	11-14 July
Dr Jose Tongzon	The 1999 Taipei International Conference on Efficiency and Productivity Growth (Organised by Institute of Economics, Academia Sinica, National Taiwan University)	Measuring Port Efficiency: An Application of Data Envelopment Analysis	Taiwan	29-31 July
Dr Zhang Zhaoyong	The 1999 Taipei International Conference on Efficiency and Productivity Growth (Organised by Institute of Economics, Academia Sinica (IEAS))	Efficiency Change and Productivity Growth	Taipei, Taiwan	30-31 July
Assoc. Prof. Augustine Tan	Industrial Globalization in the 21st Century (Organised by East-West Center, Honolulu, Hawaii)	Case Study of Singapore's EDB	Hawaii, USA	2-3 Aug
Dr Reza Yamora Siregar	The Economic Issues Facing the New Government (Organised by Institute for Economic & Social Research of the Faculty of Economics University of Indonesia, The United States Agency for International Development and Partnership for Economic Growth)	Ownership and Firm's Performance on 6 Key Sectors of Indonesian Manufacturing Industry	Jakarta, Indonesia	18-19 Aug
Professor Parkash Chander	The Twelfth World Congress of The International Economic Association (Organised by IRES-Institut de recherches économiques et sociales)	Risk Aversion and Optimal Income Tax Enforcement	Buenos Aires, Argentina	23-27 Aug
Dr Zhang Zhaoyong	East Asian Economy (Invited Lecture organised by the Institute on East Asian Studies of Gerhard-Mercator-Universität, Germany)	Trade Liberalization, Economic Growth and Convergence: East Asian Evidence	Germany	30-31 Aug
Assoc. Prof. Mukul Asher	Adam Smith Seminar on Pension Reform (Organised by Central Bank of Latvia)	Pension Fund Reform in Asia with Special Reference to Singapore	Riga Latvia, France	27 Aug
Dr Aris Ananta	1999 British Society of Population Studies Annual Conference	Internal Population Mobility during Economic Crisis: An Indonesian Experience	Dublin, U.K	6-8 Sept
Assoc. Prof. V.V. Bhanoji Rao	Seminar/Workshop on Management of Cross-Border Flow of Capital (Organised by Sri Sathya Sai Institute of Higher Learning, Prasanthi Nilayam India)	The Challenges of Globalization	India	10-11 Sept

Staff	Conference Title	Title of Paper	Venue	Date
Assoc. Prof. Mukul Asher	Forming Shared Views of East Asia's Prospects (Organised by World Bank on behalf of participating governments in the Asia Europe Meetings (ASEM))	Fiscal Policy Options in the Aftermath of the Crisis	Bali, Indonesia	15-17 Sept
Dr Yong Jong Say	28 <sup>th</sup> Annual Conference of Economists (Organised by the Victorian Branch of the Economic Society of Australia in conjunction with the Department of Economics and Finance at La Trobe University)	Assessing the Welfare Effects of Parallel Importing: A Vertical Differentiation Model with Investment	Melbourne, Australia	26-30 Sept
Dr Jose Tongzon	28 <sup>th</sup> Annual Conference of Economists (Organised by the Victorian Branch of the Economic Society of Australia in conjunction with the Department of Economics and Finance at La Trobe University)	Role of Japan-East Asia Trade in Asian Economic Recovery	Melbourne, Australia	26-30 Sept
Assoc. Prof. Mukul Asher	A Summit on the Leadership, Managing, and Financing Growth	Recent International Trends in Pension Reform	London, U.K.	4 -9 Oct
Dr Albert Guangzhou Hu	Innovation and Technology Transfer in Chinese Industry. (This workshop is sponsored by the Graduate School of International Economics and Finance, Brandeis University and Institute of Quantitative and Technical Economics Chinese Academy of Social Sciences)	Ownership, Government R&D, Private R&D, and Productivity in Chinese Industry	Brandeis University, Waltham, USA	7-9 Oct
Dr Chia Ngee Choon	Ninth Asian Development Bank Tax Conference (Organised by Asian Development Bank Institute of Tokyo, Japan)	a) Issues and Trends in Tax Structures and Tax Policies in the New Millenium: An Overview; b) Key Issues in Environmental Taxation.	Tokyo, Japan	11-14Oct
Assoc. Prof. Mukul Asher	Ninth Asian Development Bank Tax Conference (Organised by Asian Development Bank Institute of Tokyo, Japan)	a) A Comparative Analysis of the Trends in Tax Policy Reform in Asia and the Pacific; b) Globalisation Issues in Taxation	Tokyo, Japan	11-15 Oct
Dr Jose Tongzon	International Conference on the Challenges of Globalization. (Organised by the Faculty of Economics, Thammasat University, Bangkok, Thailand)	Role of Japan in ASEAN Countries' Recovery from the Asian Economic Crisis	Bangkok, Thailand	21-22 Oct
Dr Ho Kong Weng	Production Fragmentation and Trade (Organised by the Department of Economics, Chinese University of Hong Kong)	Production Fragmentation, Jobs and Wages in Singapore: The Role of MNCs	Hong Kong	25-27 Oct
Assoc. Prof. Augustine Tan	1999 ASCPA Regional Conference (Organised by Hong Kong Productivity Council)	Growth Strategies for Singapore	Hong Kong	26 Nov
Dr Caroline Yeoh	7th Tun Abdul Razak International Conference, Part Two. (Organised by Ohio University International, Center for Southeast Asia Studies)	Transborder Industrialization in the Framework of M2000: Insights from Singapore's Industrial Parks in China, Indonesia and Vietnam	Penang, Malaysia	2-4 Dec
Dr Zhang Wei-Bin	The 24 <sup>th</sup> Regional Conference of Federation of ASEAN Economic Association (Organised by Philippines Economics Society)	Confucianism and Its Implications for the Industrialization and Democratization of East Asia	Manila, Philippines	3-4 Dec
Dr Ahmed M. Khalid	Global Development Network Organised by GDN Secretariat of the World Bank)	Contagion Effect of Asian Financial Crisis: Sectoral Analysis	Bonn, Germany	5-8Dec
Assoc. Prof. Tse Yiu Kuen	MODSIM99: International Congress of Modelling & Simulation (Organised by Modelling & Simulation Society of Australia and New Zealand (MSSANZ))	Maximum Likelihood Estimation of the Fractional Differencing Parameter in an AARFIMA Model Using Wavelets	New Zealand	6 -9 Dec
Dr Zhang Zhaoyong	MODSIM99: International Congress of Modelling & Simulation (Organised by Modelling & Simulation Society of Australia and New Zealand (MSSANZ))	An Assessment of the Contribution of FDI to China's Economic Development and Productivity Growth	New Zealand	6- 9 Dec
Professor Parkash Chander	Winter School of the Econometric Society (Organised by Indian Statistical Institute)	Risk Aversion and Optimal Tax Enforcement	New Delhi, India	6 -11Dec

## *The Far Eastern Meeting of The Econometric Society 1999 (FEMES '99)*

The Department of Economics of the National University of Singapore was privileged to host the above Meeting during July 1-3 1999. The Econometric Society is a very prestigious international Society of economists and econometricians, and its Far Eastern Meeting is held biennially at major institutions in the region. Previous Meetings this decade had been held in Hong Kong (1997), Tokyo (1995), Taipei (1993), and Seoul (1991). This was the first time it was held in Singapore.

In keeping with worldwide academic trends, the Meeting, although billed as the Far Eastern Meeting, attracted scholars from all over the world. The response was indeed overwhelming: a total of 70 sessions, involving over 200 contributed papers and more than 250 participants, was organized during the 3-day period. The sessions covered an extremely wide range of subjects, spanning virtually all the major areas of Economics and Econometrics. The paper presentations and discussions, as well as the informal interactions over coffee and lunches, provided a rich intellectual feast to all participants, and the centralized and convenient location of the Meeting at the Mandarin Hotel was a further, and well-appreciated, plus point. The Meeting also featured a half-day session on Financial Engineering on July 1, organized by the NUS Centre for Financial Engineering.

A further highlight of the Meeting was the four Keynote Addresses by very renowned scholars. The President of the Econometric Society, Professor Robert Wilson of Stanford University, delivered the Presidential Address, and the other Addresses were delivered by Professor Clive Granger of the University of California at San Diego, Professor Peter Phillips of Yale University, and Professor Kiminori Matsuyama of Northwestern University who delivered the Inaugural Fukuzawa Lecture in honour of the founder of Keio University, Japan.

Professor Shih Choon Fong, Deputy Vice-Chancellor of the National University of Singapore, kindly delivered the Welcoming Address at the Opening Ceremony on July 1. Yet another highlight was the Gala Dinner on July 2, at which we were deeply privileged to have Mr Lim Hng Kiang, Minister for Health and Second

Minister for Finance, as our Guest-of-Honour.

The Minister delivered an Address on the subject, 'Economic Forecasting: Experiences during the Asian Crisis'. He pointed out that the Asian Crisis constituted a discontinuous change from previous experience, and was not foreseeable on the basis of historical relationships. 'Econometric models cannot quantify the herd psychology of investors, nor predict social and political upheavals.' The Crisis, and efforts to recover from it, have, however, highlighted the importance of good macro-economic modelling. Making economic forecasts using models was a very valuable exercise, as models were useful in predicting the direction of economic variables and in identifying their driving forces. The Monetary Authority of Singapore, he disclosed, was engaged in constructing the MMS, or Monetary Model of Singapore, which 'will take advantage of the new developments in the field of econometric modeling, especially with regard to the modeling of forward-looking behaviour in financial markets, and in estimation techniques'.

As is the customary practice with all Meetings, the Programme of FEMES '99 will be published in *Econometrica*, the flagship journal of the Econometric Society. On the whole, the Meeting was highly successful, and has further enhanced the Department's international profile. Department staff were very active in both the Programme Committee of the Meeting (co-chaired by Professor Basant Kapur of the Department and Professor Kimio Morimune of Kyoto University, with Professor Tse Yiu Kuen as Deputy Chair) and the Local Organizing Committee (chaired by Professor Tse), and also participated actively as paper presenters and session chairs.



Scholars from all over the world attended the FEMES '99

## Economic Society of Singapore Annual Seminar

This year the Economic Society of Singapore (ESS) held its annual seminar on 14 August 1999 at the auditorium of the Anglo-Chinese School (Independent). The seminar, entitled "Understanding the Singapore Economy", was conducted as part of the Society's public service. It sought to provide participants with a better understanding of the many facets of the Singapore economy.

The President of the ESS, Associate Professor Augustine Tan, gave the opening address. He highlighted that although the title of the annual seminar had remained the same over the years, the topics had varied from year to year to reflect current economic interests.

This year, the topics presented included:

- "Growth Strategies for Singapore in the Next Millennium" by Dr Tan Lin Yeok, Department of Economics, NUS;
- "Financial Sector Reforms and Restructuring of the Banking Sector" by Dr Lim Guan Hua, Department of Finance and Accounting, NUS;
- "Internet Economics" by Dr Michael Li, Division of Applied Economics, NTU;
- "Education, Attitudes and Occupational Choice Across Generations in Singapore" by Dr Ho Kong Weng, Department of Economics, NUS;
- "Labour Issues in Singapore: Use of Foreign Talents" by Dr Donghyun Park, Division of Applied Economics, NTU; and
- "Monetary Policy in Singapore: Challenges and Responses to the Asian Crisis" by Mr Edward Robinson, Senior Economist, Economics Department, Monetary Authority of Singapore.

Around 1,000 'A' level Economics teachers and students, and polytechnic students, as well as 17 members of the Society attended the seminar.

## Graduate Programme

The Economics Department had a successful graduate intake for 1998/1999 academic year. The year 1999 recorded a substantial increase in the number of applications for the Department's Master of Social Sciences Graduate Programme. The Programme received an estimated 180 applications for both the M. Soc. Sci. (Economics) and M. Soc.

Sci (Applied Economics) Programme. There is also an increase in the number of applications for the M. Soc. Sci. by Research and Ph.D. Programme.

The intake for the Graduate Programme has been gradually increasing over the years (see table below). The largest increase is in the Applied Economics Programme, an increase of 22 percent in 1998/1999. The number of Ph.D. students in the department has increased substantially in the last two years. In particular, the Ph.D. students pursue research in a wide area of topics. Examples include Globalisation Strategies, Real Business Cycles, Financial Market Reforms and R&D Spillovers.

### Graduate Programme - Admitted

	94/95	95/96	96/97	97/98	98/99
M.Soc. Sci	16	-	7	3	10
M.Soc.Sci. (Applied Economics)	15	16	26	36	44
M. Soc. Sci (Thesis)	2	3	2	3	4

The reputation of the Department as one of the leading departments of economics in Asia-Pacific region is reflected by the overwhelming applications received from all over the world. It locally evinces the popularity and stature of the Department's Graduate Programme. The applications came from as far as Bulgaria, Ghana, Nigeria, Bangladesh, China, Mongolia, Laos, India, Pakistan and South Korea, to name a few. It is estimated that for the 1999/2000 semester, some 40 applicants will be admitted into the M. Soc. Sci. in Economics. The part-time course for working professionals, M. Soc. Sci in Applied Economics, is also growing in popularity. The applications received are increasing every year from all professions.

Despite the overwhelming increase in the number of applications, the Department maintains a high standard in its graduate programme. The Department is very selective in its admission of prospective students. Further, to maintain and increase the standard, each graduate student is required to present his/her research proposal and thesis in the Graduate Seminar.

The recent 'Economic Crisis' has increased the awareness for life-long learning. The graduate programme in the Economics Department is designed to facilitate this objective. The Department hopes to bring the programme to a wider spectrum of individuals in the region and to maintain and improve the standard of Economics graduate studies in the region.



## JAPAN VERSUS CHINA IN THE INDUSTRIAL RACE

by **Wei-Bin Zhang**  
Macmillian Press Ltd, 1999

Why has Japanese industrialisation been so much faster than that of China? The relative economic development of Japan and China from similar nineteenth-century conditions are examined in broad philosophical, social, political and historical perspective. The book challenges a common assumption that Chinese Confucianism does not encourage modernisation, while Japanese Confucianism propelled industrialisation forward. It examines further reasons why Max Weber's judgement, 'the Chinese would be probably more capable than the Japanese, of assimilating capitalism', has not been borne out.

## CAPITAL AND KNOWLEDGE DYNAMICS OF ECONOMIC STRUCTURES WITH NON-CONSTANT RETURNS

by **Wei-Bin Zhang**  
Springer, 1999

This book constructs a general economic theory to analyze how different economic forces interact over time. It proposes some new combinations of various economic forces which may function at various stages of social and economic evolution. The theory includes the main economic ideas of Smith, Malthus, Ricardo, Marx, Mills, Walras, Marshall, Schumpeter and Keynes. It also includes, as special cases, the well-established mathematical models, such as the Arrow-Debreu general equilibrium model, Tobin model, the Solow-Swan-Uzawa growth model, the Kaldor-Pasinetti two-class model, the Ricardian models by Morishima, Samuelson and Pasinetti, Keynesian theory, to explain certain economic phenomena which cannot be explained by traditional works.

## THE ASIAN ECONOMIC CRISIS AND ITS IMPLICATIONS FOR AVIATION POLICY IN ASIA PACIFIC

by **A. Chin, P. Hooper and T. Oum**  
*Journal of Air Transport Management*, 5, 2, 1999.

The optimism shared by agencies such as IATA and the Air Transport Action Group on the growth in the demand for air travel has been temporarily derailed by the Asian economic crisis which appears to have dimmed the prospects for growth of many Asian carriers. Prospects for growth and expansion appeared to be excellent and were the driving force in setting the agenda for privatization, liberalization and the formation of new airlines. This paper discusses responses by Asian airlines with respect to redefining the scope of operations, capacity decisions, cost competitiveness, alliances and service decisions. It

concludes with an argument that the economic crisis appears to have shifted air transport policies in the direction of greater liberalization.

## “OPEN SKIES” OR OPEN CLUBS? NEW ISSUES FOR ASIA PACIFIC ECONOMIC COOPERATION

by **A. Elek, C. Findlay, P. Hooper and T. Warren**  
*Journal of Air Transport Management*, 5, 3, 1999.

Air transport continues to lie outside the rules of the world trading system. Yet pressures for changes in the management of trade in air transport services are emerging within the bilateral system of regulation, particularly through United States efforts to negotiate so-called "Open Skies" arrangements, but also through new regional arrangements. A new method is outlined of exploiting the trends in regional cooperation and the pressures induced by the United States strategy to facilitate the liberalization of air transport markets. This method applies the principles of what have been called "open clubs". The principles include transparency and openness to new members as well as the absence of an intention to discriminate against outsiders. These principles are consistent with APEC's strategy of open regionalism. The paper suggests that APEC is a suitable process within which to develop the application of the open club idea and it outlines the manner in which its principles might be applied to air transport.

## ANTICIPATED AND UNANTICIPATED MONEY GROWTH AND AGGREGATE OUTPUT: EVIDENCE FROM MALAYSIA

by **Ahmed, Habib and Ahmed M Khalid**  
*Malaysian Journal of Economics*, 1996, (published in 1999)  
Volume XXXIII No.2

The authors tested the policy ineffectiveness hypothesis for Malaysia using quarterly data for the period of 1974:Q1-1993:Q4. Using M1 and M2 specifications of money supply, they found that anticipated growth rates in money supply in both specifications have no influence on the output growth rates. Lags of unanticipated growth rates of both definitions of money supply affect output growth rates significantly, supporting the policy ineffectiveness hypothesis for Malaysia. They also found that growth rates in total trade and government budget deficits have positive influence on output growth rates.

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continued from page 13

## LINKING LEARNING, KNOWLEDGE CREATION, AND BUSINESS CREATIVITY: A PRELIMINARY ASSESSMENT OF EAST ASIAN QUEST FOR CREATIVITY

by *Koh Ai-Tee*

*Technological Forecasting and Social Change, (forthcoming)*

This paper reviews the growing body of recent business literature on the determinants and dynamics of organizational creativity, and its linkages with the nature and scope of organizational learning and knowledge creation within the firm. The review is focused on examining the behaviour of visionary, long-lived, frontier firms in the developed world. It uncovers a strong linkage between advanced learning, knowledge creation, and organizational creativity within the context of environmental factors which favour creativity enhancement. Based on this review, a conceptual framework linking learning, knowledge, and organizational creativity is constructed and deployed to help interpret and provide a preliminary assessment of East Asia's quest for creativity in countries such as Japan, S. Korea, and Singapore.

## WELFARE DISPARITY AMONG SUBGROUPS OF POPULATION: THE METHOD OF ANALYSIS WITH AN APPLICATION

by *Podder, Nriplsh and Mukhopadhaya, Pundarik*

*Advances of Econometrics - Income distribution and Scientific Methodology: Essays in Honour of Camilo Dagum, pages 87-106, July 1999*

This essay examined the properties and estimated a social welfare function (SWF) for Australia using 1988-89 Household Expenditure Survey data. The functional form of the SWF was axiomatically derived by Sen and has recently been given a utilitarian foundation by Dagum. Since the function contains the Gini coefficient as the inequality parameter, it could not be disaggregated by subgroups of population. In this paper, using a method of subgroup decomposition of the Gini coefficient suggested by Podder, the SWF has now been disaggregated. Among other things, it is now possible to identify the disadvantaged groups by their relative shares in total welfare. However, the main use of the method is the determination of the effect of economic growth on specific subgroups on total social welfare of the society as a whole. The application of this method in Australia enables us to study the distribution of relative shares of total social welfare among various regional groups. The effect of a percentage change in income of a specific group on total welfare is also computed. This information is crucially important in a variety of social decision making situations including cost benefit analysis.

## RESEARCH JOINT VENTURES, PRODUCT DIFFERENTIATION, AND PRICE COLLUSION

by *Luca Lambertini, Sougata Poddar and Dan Sasaki*

*International Journal of Industrial Organization (forthcoming)*

The authors investigate the interplay between firms' decisions in product development, be it joint or independent, and their ensuing repeated pricing, either collusive or Bertrand-Nash. A joint venture develops a single product, whereas independent ventures develop their respective products which can be differentiated. They prove that joint product development and the resulting lack of horizontal product differentiation may destabilise collusion, whilst firms' R&D decisions have no bearings on collusive sustainability in the vertical differentiation setting. The authors also discover the non-monotone dependence of firms' venture decisions at the development stage upon their time preferences, as well as upon consumers' willingness to pay.

## GROWTH ENHANCING BUBBLES

by *Jacques Olivier,*

*International Economic Review, 2000, February (forthcoming)*

Recent experience in the region has shown how negative is the impact on real activity of a speculative bubble bursting. More controversial, and more interesting from a theoretical standpoint, is the impact on real activity of a bubble that has not yet burst, or that is not even expected to burst. This paper challenges the conventional wisdom that speculation in financial markets reduces long run growth. It shows that the real impact of a (rational deterministic) speculative bubble depends on the type of asset that is being speculated upon. Speculative bubbles on equity raise the market value of firms, thus encouraging entrepreneurship, firm creation, investment and growth. On the other hand, speculation on other types of assets is shown to be unambiguously growth impairing. The model can explain some stylized facts about financial development and growth. Finally, regulatory implications are briefly discussed.

## EAST ASIAN ECONOMIES: TRENDS IN POVERTY AND INCOME INEQUALITY

by *V V Bhanoji Rao*

*Economic and Political Weekly, 1999 Vol. 34, No. 18, May, pp. 1029-1039*

The World Bank study entitled *The East Asian Miracle*, observed that eight high performing Asian economies achieved not only high average rates of economic

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continued from page 14

growth but also declines - sometimes dramatic declines - in income inequality. The two characteristics together were dubbed the East Asian miracle. This essay provides available evidence on the trends in absolute poverty and the degree of income inequality in 7 East Asian economies and concludes that while these economies have achieved substantial reduction in absolute poverty, the same cannot be said about income inequality. In fact the issue of inequality could get to the centre stage in the prevailing crisis in the region.

### MULTIVARIATE DENSITY FORECAST EVALUATION AND CALIBRATION IN FINANCIAL RISK MANAGEMENT: HIGH-FREQUENCY RETURNS ON FOREIGN EXCHANGE

by **Tay, Anthony S** with **Francis X. Diebold** and **Jinyong Hahn**

*Review of Economics and Statistics, (forthcoming)*

The authors provide a framework for evaluating and improving multivariate density forecasts. Among other things, the multivariate framework allows the evaluation of the adequacy of density forecasts involving cross-variable interactions, such as time-varying conditional correlations. The authors also provide conditions under which a technique of density forecast "calibration" can be used to improve deficient density forecasts. Finally, motivated by recent advances in financial risk management, the authors provide a detailed application to multivariate high-frequency exchange rate density forecasts.

### THE EXPORT COMPETITIVENESS OF ASEAN ECONOMIES, 1986 – 95

By **Wilson, Peter** and **Wong Yin Mei**

*ASEAN Economic Bulletin Vol. 16, No.2, August 1999*

This article compares changes in the competitive position of five members of the Association of Southeast Asian Nations (ASEAN), Singapore, Thailand, Malaysia, Philippines and Indonesia, exporting to the markets of the United States and Japan between 1986 and 1995. Dynamic shift-share methods are applied to two-digit data for five categories of manufactured exports. Findings underline clearly the challenge posed to Singapore by its ASEAN partners over this period in all product categories except office and data machines. Thailand appears to have been more successful in the earlier period but lost ground in later years to the Philippines and especially to Malaysia. Indonesia, on the other hand, has been relatively unsuccessful so far relative to the ASEAN bloc as a whole except in the lower value-added category of apparel and clothing exports to the U.S. market.

### THE PROBLEMS OF A MORE ADVANCED COUNTRY: WHY IS SINGAPORE SO RELUCTANT TO JOIN THE SUPER-LEAGUE?

by **Wilson, Peter**

*CAS Research Paper Series No.15, November 1999*

This paper considers why Singapore appears to be reluctant to accept re-classification as a fully developed country. Her development record since the mid-1960s is examined from a number of perspectives including aggregate measures of income per head, structural change, changes in welfare, and comparative rankings using non-economic criteria. Although Singapore is not easy to classify in the development spectrum, there seems to be little reason to delay re-classification unless non-economic criteria are deemed paramount. The author also asks whether there is substance to the argument that Singapore has special problems of a more dynamic nature which might justify her present status as a developing country or 'more advanced developing country'. Whilst conventional arguments that she 'lacks the depth and breadth of fully developed economies', or is not competitive enough, do uncover some special features of the Singapore economy, the author does not find them persuasive enough to disqualify her from graduation. The retention of the developing country label, however, might well be desirable from the government's point of view as Singapore adjusts to economic and political pressures arising from globalisation.

### THE TAX TREATMENT OF FINANCIAL INTERMEDIATION

by **Ngee Choon Chia** and **John Whalley**

*Journal of Money, Credit, and Banking Vol. 31, No. 4, November 1999*

Whether and how to tax financial intermediation services is unclear because individual preferences are not defined directly over financial services, but only over the goods that are consumed. Intermediation services facilitate consumption but do not directly provide utility. In this paper, the authors show how taxing goods alone (but not financial services) can be welfare preferred to taxing both goods and financial services on an equal-yield basis and at a lower rate in a general equilibrium model with transaction costs. This is consistent with Foley's (1970) and Hahn's (1971) well-known treatments of general equilibrium with transaction costs which suggest that the two fundamental theorems of welfare economics may not hold in such circumstances. Use of more intermediation services yields gains from trade, but reduces resources available for provision of other (consumption) goods. The net effect is explored first using a numerical example, and then using U.S. data, drawing out implications for policy.

## *Newcomers in the Department*

In the last year, a total of 19 academics joined the Department. They come from different parts of the world with very varied areas of specialization; including Environmental Economics, Taxation Policy, Experimental Economics, Asset Pricing, Acquisition and Transmission of Information and Economics of Innovation.

The newcomers obtained their PhDs from established institutions all over the world, e.g. Brandeis University, University of Sydney, University of Western Ontario and Stanford University.

We would like to introduce three staff members. They are: Dr Paul Gregory Hooper, Dr Zhu Lijing and Dr Reza Y Siregar.

### *Dr Paul Hooper*

Dr Paul Hooper, appointed as Senior Fellow in June 1999, brings with him extensive experience in government policy-making, industry consultancy and academic research in the area of transport economics.



Dr Hooper's previous employment include appointments to the Australian Commonwealth Bureau of Roads and the Australian Railway Research and Development Organisation. He was the Tasmanian Government's Senior Transport Economist prior to joining the Faculty of Business, Royal Melbourne Institute of Technology. He has advised more than 50 government and private sector organizations in Australia and Asia. He has also participated in several APEC meetings on transport, and has published widely on this topic. Prior to joining the Department, Dr Hooper was Associate Professor, Graduate School of Business and Deputy Director, Institute of Transport Studies, University of Sydney. He obtained his PhD degree from the University of Sydney.

"Singapore, as it develops into a regional financial and information hub, is an ideal location from which to carry out applied research in the field of transport. As the region emerges from the crisis, transport infrastructure financing and transport regulation issues will become increasingly important," says Dr Hooper.

Dr Hooper is currently researching on the mode of transport infrastructure financing in Asia Pacific region, such as Build-Operate-Transfer projects, and deregulation of the aviation industry. Dr Hooper's other research interests are in tourism economics and supply chain management/logistics.

### *Dr Zhu Lijing*

Like many academic staff members in the Department, Dr Zhu Lijing, who joined as Senior Fellow in May 1999, has a good mix of education and career experience in both Asia and North America. Dr Zhu, who grew up in Beijing, obtained his PhD degree from the University of Western Ontario, Canada. He was Assistant Professor, Department of Economics at the University of Windsor, Canada, and then Assistant Professor, Department of Economics, at the Hong Kong University of Science & Technology.



Dr Zhu is strong in both research and teaching. He has published articles in the area of economics of development and transformation, price rigidity and nonprice allocation mechanisms, particularly pertaining to the Chinese economy. He was one of the Best Ten Lecturers of the Hong Kong University of Science & Technology in 1996.

Dr Zhu is currently doing research on financial liberalization and banking reforms in China, and also looking at comparative economic issues among China, Hong Kong, Taiwan and Singapore.

Dr Zhu points to the diversity of talent in the Department as one of its strengths. He says, "Being with the Department gives me an opportunity to work with, and learn from many people of different nationalities and academic background. This facilitates the cross-fertilization of ideas."

### *Dr Reza Siregar*

Dr Reza Y Siregar has been with the Department as Assistant Professor since May 1999. He has pursued a varied career path after obtaining his PhD degree from Brown University, USA, in 1994. He had been a Fellow at the Institute of Southeast Asian Studies, Singapore; Visiting Scholar, Center For Pacific Basin Monetary and Economic Studies, The Federal Reserve Bank of San Francisco; and Economist, The Economic Development & Resource Center, Asian Development Bank.



Dr Siregar has chosen to move to the university environment of NUS, because he realizes "his primary interest still lies in academic research," and the Department's move to give greater emphasis to research fitted his plans. "NUS has good facilities, and Singapore is close to the countries of my research focus," he says.

Dr Siregar's research interests include monetary policy and exchange rate studies, concentrating on the Asia Pacific region, in particular, Indonesia;

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continued from page 16

and open development macroeconomics – looking at the global integration of developing country markets; and regional economic cooperation in Asia, particularly APEC and AFTA. He has also started to conduct several micro-level studies, to explore the microeconomic reasons underlying the macroeconomic crisis in Asia. One such study is on the structure of ownership and how it affects the performance of firms in Indonesia.

## Staff Members with Joint Appointments

The University encourages staff members to hold joint appointments in various Departments so as to promote multi-and cross disciplinarity in the Faculty by facilitating staff participation in more than one field of expertise. These joint appointments facilitate the staff members' endeavour to keep close touch with developments in their cognate or fundamental discipline on the one hand, and participate in a second multi-disciplinary field or area of specialization on the other.

A number of the Department's staff members hold such joint appointments:

- a. Associate Professor Mukul Asher
  - he is also Associate Professor of Economics and Public Policy in the Public Policy Programme
- b. Associate Professor Bhanoji Rao
  - he is also Senior Public Policy Fellow in the Public Policy Programme
- c. Dr Lu Ding
  - he is also Research Associate at the East Asian Institute

A number of our staff members also hold administrative appointments in the Faculty Departments. They are:

- a. Associate Professor Anthony Chin
  - he is Sub-Dean at the Dean's Office, Faculty of Arts and Social Sciences
- b. Associate Professor Hoon Hian Teck
  - he is Sub-Dean at the Dean's Office, Faculty of Arts and Social Sciences
- c. Dr Yong Jong Say
  - he is Assistant Director at the Centre for Advanced Studies

Professor Chew Soo Hong is Distinguished Visiting Professor, jointly in the Department of Economics and the Faculty of Business Administration.

## Newcomers

Name of staff/ Date Joined	University Staff Member Obtained Degree From
1. <b>Assoc Prof Tan Kee Wee/</b> <i>Adjunct Assoc Prof</i> 4 Jan 1999	PhD - University of East Anglia, UK
2. <b>Dr Zhu Lijing/</b> <i>Senior Fellow</i> 13 May 1999	PhD – University of Western Ontario, Canada
3. <b>Dr Reza Y Siregar/</b> <i>Asst Professor</i> 25 May 1999	PhD – Brown University, USA
4. <b>Dr Albert Hu Guangzhou/</b> <i>Asst Professor</i> 16 June 1999	PhD – Brandeis University, USA
5. <b>Dr Paul Gregory Hooper/</b> <i>Senior Fellow</i> 16 June 1999	PhD – University of Sydney, Australia
6. <b>Dr Sougata Poddar/</b> <i>Asst Professor</i> 22 June 1999	PhD – CORE, Universite Catholique de Louvain, Belgium
7. <b>Dr Pundariksha Mukhopadhaya/</b> <i>Asst Professor</i> 27 June 1999	PhD – University of NSW, Australia
8. <b>Dr Chang Youngho/</b> <i>Asst Professor</i> 7 July 1999	PhD – University of Hawaii-Manoa, USA
9. <b>Dr Park Cheolsung/</b> <i>Asst Professor</i> 8 July 1999	PhD - University of Pennsylvania, USA
10. <b>Dr Liu Haoming/</b> <i>Asst Professor</i> 9 July 1999	PhD – University of Western Ontario, Canada
11. <b>Dr Kim Yoonbai/</b> <i>Senior Fellow</i> 9 July 1999	PhD – Stanford University, USA
12. <b>Professor Parkash Chander/</b> <i>Visiting Professor</i> 19 July 1999	PhD – Indian Statistical Institute, India
13. <b>Dr Mark Donoghue/</b> <i>Asst Professor</i> 27 July 1999	PhD – University of Sydney, Australia
14. <b>Professor Chew Soo Hong/</b> <i>Visiting Professor</i> 2 Aug 1999	PhD – The University of British Columbia, Canada
15. <b>Dr Jacques Olivier/</b> <i>Asst Professor</i> 20 Aug 1999	PhD – University of Pennsylvania, USA
16. <b>Dr Shin Jang-Sup/</b> <i>Asst Professor</i> 1 Nov 1999	PhD – University of Cambridge, UK
17. <b>Dr Frederik Sjöholm/</b> <i>Asst Professor</i> 1 Dec 1999	PhD – Lund University, Sweden
18. <b>Dr George Hui Wang Liang/</b> <i>Senior Fellow</i> 16 Dec 1999	PhD – Northwestern University, USA
19. <b>Dr Souresh Saha/</b> <i>Asst Professor</i> 27 Dec 1999	PhD – University of Minnesota, USA



## *The NUS Economics and Statistics Society*

This year, the Economics and Statistics Society (ENS) celebrated its 37<sup>th</sup> anniversary. The membership strength stood at over 200. Although ENS members are mainly from the Arts and the Science faculties, the Society has always sought to increase the awareness of the general student population in economic issues through the organisation of talks, lectures and publications.

*In retrospect ....*

### *The National Economics Quiz 1999*

The 9<sup>th</sup> National Economics Quiz (NEQ), an annual event, was held on 31<sup>st</sup> July 1999 at the Productivity and Standards Board Building. The 9<sup>th</sup> NEQ was sponsored by Hitachi Asia Ltd. It tested knowledge of economic students from various junior colleges and centralised institutes.

The Society was honoured to have Mr Barry Desker, CEO of Trade and Development Board, as the Guest-of-Honour. Mr Desker's speech on recognising economics as the discipline of the future was truly insightful for the audience.

Raffles Junior College won the competition, with Hwa Chong Junior College and Temasek Junior College in the second and third places respectively.



9<sup>th</sup> National Economics Quiz for students from college and centralised institutes

### *The National Day Lecture 1999*

The National Day Lecture (NDL), a very popular event among the undergraduates and pre-university students, is one of the high profile events in the Society's calendar. It is organised annually, to allow students to voice their concerns and views on current issues.

Mr Lim Hng Kiang, Minister for Health and Second Minister for Finance gave the 7<sup>th</sup> NDL. The Minister focused on how Singapore could stay competitive in the new millennium. He stressed the importance of a knowledge-based economy, so as to strengthen Singapore's

competitive advantage. He said that a restructuring was necessary, if not inevitable, especially in the manufacturing and banking sectors.

There was a highly stimulating question-and-answer session following the lecture where pragmatic concerns were thoroughly addressed and assessed.



Our Guest-of-Honour, Mr Lim Hng Kiang, Minister for Health and Second Minister for Finance

### *The Economics Journal*

In August 1999, the Society officially launched the 35<sup>th</sup> Volume of its annual publication. Adhering to the Society's agenda, student members of the ENS worked hard to present this high quality informative journal.

This journal includes regular entries of research papers by the NUS lecturers and top Honours students. The Society was especially honoured to be able to have the contributions of Mr Tang Guan Seng, Senior Parliamentary Secretary at the Ministry of Trade and Industry and Dr Khor Hoe Ee, Senior Executive Director, Monetary Authority of Singapore.

## *Student Internship*

During the last May/June holidays, four students from the Department were interns at various government ministries and a private company.

The internship at the government ministries was co-ordinated by the Public Service Division (PSD). A total of 51 interns from National University of Singapore/Nanyang Technological University were involved in the PSD's Student Internship Programme (SIP).

At the end of the SIP, a survey was conducted among the interns as well as the ministries concerned. As expected, most interns did not have a good impression of the Civil Service prior to the internship programme. Many thought that the Civil Service was "dull, inflexible, bureaucratic and slow moving". By the end of the SIP, the majority of the interns commented that the SIP had helped dispel their misconceptions of the Civil Service. In fact, one of our students, Lim Cherng Wren, commented that one characteristic of working life in the Ministry of Communications and Information Technology was "the never-ending work piled up on the desks of the staff". Some interns realized that the Civil Service could be "dynamic, creative and jobs could be demanding and challenging too".

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continued from page 18

The interns also got to visit four government bodies, i.e. Ministry of Information and the Arts (Films and Publications Department), Ministry of Community Development and Ministry of Home Affairs (Changi Prison) as well as a statutory board, Economic Development Board. The interns found the visits educational as they gained a better understanding of the policies and operations of the host agencies, e.g. the Prison Department's mission/role in rehabilitating the inmates, how a prison is run and the why, where and what of censorship.

The host ministries of the interns indicated, through the survey, that their organisations had benefited much from the internship. This was because the undergraduates provided fresh, useful approaches and perspectives and extra help in completing projects. They also found the interns enthusiastic and had displayed positive work attitude and initiative.



Chua Pair Shen, who was attached to the Land Division, Ministry of Communications and Information Technology, had an interesting and challenging project during her internship. The objective of her project was to review the division's

database system and to propose recommendations to improve it. She was glad that she was given freedom to give her views and at the same time, she was exposed to many perspectives on the same issues presented by her supervisor and Director.

Pair Shen said, "After the internship, I realized that the public has really high expectations of the Civil Service. That is why there is always this push factor for them to be more efficient and knowledgeable in order to bring Singapore's economy to greater heights... the internship programme was indeed a very good learning experience for me."

Lim Cherng Wren, commented that the internship was an "enriching experience" as "I got to learn more about how the Civil Service works, especially the differences between the functions of the parent Ministry and its various agencies". His attachment at the Sea and Air Transport and Telecommunications Division, Ministry of Communications and Information Technology, gave him the insight into the various policies affecting the aviation industry. For him, the challenge was "to extract relevant information, draw appropriate inferences and analyse the implications of the pieces of information". The visits to the other government departments opened his eyes to the "various issues that our country faces, some of which may be very complex and sensitive in nature".



A third student, Alex Poh, was attached to the Meteorological Service Singapore (MSS); also under the Ministry of Communications and Information Technology. His

team's project was to assess the economic value of weather products and to recommend strategies on how best to market them. Initially, he thought he could apply much of the theory he had learnt. Unfortunately, theoretical assumptions like profit maximization cannot be applied to government organisations. In the end, he and his team members had to depend a lot on surveys and the experience of the staff at the Meteorological Service. The MSS staff members were very helpful and patient in answering the numerous queries of the interns.

James Tan Kia Huat was the only student who was attached to a private company. He was with Morgan Stanley Singapore, one of the top brokerage houses in the world.



James - the only student attached to a private company

He said, "The people at Morgan Stanley were extremely generous with their time, despite the fact that they were very busy. They usually worked 14-hour days, which included weekends, rarely had time for lunch and worked in an incredibly fast-paced environment. This made me feel all the more privileged that they treated me as one of them and invested much of their time and effort in training me, even though they knew that I was there for only three months."

James was given various projects to do. He said that his most challenging project was the database he helped to create for the Singapore team. When completed, the project would store and help maintain the data contained in models that the analysts worked very hard on. Ultimately, the database would increase the team's research output and lighten their load. James added, "I must thank the Department and Morgan Stanley for giving me the opportunity to work with such dynamic people."

It is widely recognized that internships do benefit both students and employers. The students are exposed to the rigours of working life whilst the employers get a chance to assess the students at work and consider them for long-term employment. The Department thus hopes that the PSD will take in more interns next year and that more private companies would come forward to offer internships to the Department's students.



## Tan Chin Tuan Chair

One of the ways of making the National University of Singapore a world-class university is to invite distinguished academics to join the University for short periods. The Department has two Chairs:

- a. Tan Chin Tuan Professorship in Banking and Finance
- b. Goh Keng Swee Professorship in Economics

In addition, the Department also invites eminent academicians for short attachments ranging between four weeks and three months under the University's Distinguished Visiting Professors Programme.

Come January 2000, Professor Michael B. Devereux will be attached for six months to the Department under the Tan Chin Tuan Professorship in Banking and Finance. Under this Chair, distinguished academics in the areas of Monetary Economics, Financial Economics or Banking and Financial Institutions are invited to visit the Department. The appointment is from four to twelve months.

Professor Devereux is Professor of Economics at the University of British Columbia (UBC). He obtained his PhD from the Queen's University, Kingston, Ontario in 1985. From 1985 to 1988, he was Assistant Professor in the University of Toronto. He then moved to Queen's University and was there as Associate Professor till 1991. Professor Devereux has been with UBC since July 1992.

During his six-month attachment to the Department, Professor Devereux will be presenting research seminars to staff members and graduate students, as well as teaching in the Graduate Programme. It is hoped that, through his visit in the Department, Professor Devereux would be able to forge greater research and other linkages with the staff members.



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Dr Goh Ai Ting

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*We would like to thank all those who have contributed to this issue of The Economics Newsletter.*

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