Distinguished Alumnus Column

Wong Nang Jang*

Banking Career in Singapore: Reflections on Changing Needs of the Industry

Professor Chng, Head of the Department of Economics at NUS, has paid me an undue honor by asking for an article in the Distinguished Alumnus Column of the Economics Newsletter, perhaps because of my long years of service in the banking industry.

The simple fact of the matter is that when I graduated in 1962, banking was not a career competitively sought by those who had the highest potential, and thus competition for jobs was not as fierce as it is today. Thus by sheer luck I was asked to present myself as a candidate for employment at the antecedent of what is today Citibank, currently a much sought after employer. Quite simply, the lack of competition accorded me the chance to work hard, learn on the job. More importantly, my then employer gave me every opportunity to realize my own potential. Of course, the reciprocal was that I had to earn my keep and give of my best.

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Having retired at the ripe age of 60, it may be useful to share some of my life’s experience. If there is one major characteristic, it is the need to meet the challenges of change. Change was a constant in my life, whether in the pursuit of education, of skills, or in putting to use the education and skills so acquired.

The past 60 years can be broadly divided into three phases of 20 years each. The first phase was to acquire education. In the next 20 years, acquisition of skills and knowledge was of paramount importance. In the final phase, I was fortunate to deploy what limited skills and knowledge in pursuit of banking in a domestic environment laced with international involvement.

During the first 20 years of my life, change in school systems and curricula happened without fail. In primary school, I started in Primary 1 soon after World War II had just ended, and schools were being reopened and in a constant state of flux. Curricula had to be reorganized, and boys of ages between 6 and 10 were thrown together as almost four years of occupation by foreign troops meant that everybody in that age group started together from scratch. In retrospect, this was perhaps the most carefree period of my life.

In secondary school, it was decided that our cohort had to take the full certificate of the Higher School Certificate of Education introduced for the first time in Singapore, meaning that we had to sit for four “A” level subjects, while scrapping the University Entrance Examinations. It was a miracle that I survived and qualified to enter a university. I enrolled as a matriculated student of the University of Malaya in Singapore, and graduated from the University of Singapore. Somewhere in the bowels of the Faculty of Arts in the University, it was decided that with effect from my freshman year, qualifying to pursue an honors degree would be based on the results of the first year examinations. Thereafter, such qualifiers will have two additional years of study to obtain an honors degree. Most significantly, there was to be a honeymoon year in between, i.e. no exams at the end of the second academic year. Again, I survived and graduated with an honors degree.

For the next 20 years, my social and recreational life was a total blur. I knew more about banking and finance than about music and sports. I spent more time at my work than a combination of home/sleep/recreation. Words like “quality of life” was not in my vocabulary. Even on the day of my engagement to be married, I was delayed at the office and appeared at the engagement party five hours later than the scheduled time. It was a wonder that she (now my wife) was willing to wait for me. (I was not late for my wedding)

In Singapore there was a sea change in the way we organized our economic life. Banking as a repository of savings became an instrument of economic development. Bankers were no more merely custodians of funds but had to become judges of risk in new and hitherto unknown territories, such as lending for manufacturing, or hedgers of foreign exchange risk, to name only two of many.

Personally, it was perhaps the most rewarding and challenging phase of my life. The fact was that those of us in banking then was really not sufficiently skilled or trained to cope with these new demands. We had to learn on the job, and in some cases, learn from experience acquired overseas. Some of us went to work overseas, others learned from specialists assigned to work in Singapore by multi-national banks.

The third and final 20 years of my life, and the second phase of my career, was spent in bringing that experience to bear in a local bank. Having acquired a modest modicum of skill, I was happy to share what little I had with colleagues who were eager to learn, performed diligently in their work, and had that all-important quality required of bankers - integrity.

Those that possessed sagacity and integrity in defiance of get rich-quick schemes during the boom years have indeed survived the ravages of successive economic recessions. Fact is, they were neither wealthy nor broke. It was in this generation that a new breed of well-educated and well-trained bankers was born. Some of them are still in prominent and responsible positions, some have switched to different business endeavors, and the rest have gone into pasture. Significantly, they are not in want, and occasionally can even bring out old medals (and scars) to show to each other.

That is probably the most rewarding thing and I salute them and wish them well for the future, which will require even more change.
SIBA 25th Anniversary-NUS Lecture by Professor Robert Mundell

The Department, in conjunction with the Singapore Investment Banking Association (SIBA), organized a lecture by Professor Robert Mundell, Professor of Economics at Columbia University in New York, and the winner of 1999 Nobel Prize in Economic Sciences on Thursday, 7 September 2000, 5-6:30pm at Lecture Theatre 11. The topic of his lecture was “Currency Areas in the International Monetary System at the Turn of the Century” and it was attended by students and faculties of NUS, and invited guests from NTU, SMU, Ministries, Statutory Boards and Embassies. Assoc Prof Chng Meng Kng, Head of Department, chaired the lecture while the Department’s Irene Ng played the role of MC for the event.

Professor Mundell started his lecture by outlining the five key events that characterize the world today: New economy, Globalization, Strength of the US economy, Corporate and Banking restructuring, and the advent of Euro. He briefly described the evolution of US economy over the past century and highlighted the emergence of dollar as the strongest currency in the international monetary system since the end of gold standard in 1971. He however cautioned that the US economy might slow down in 2-3 years leading to weaker dollar (vis-à-vis euro) that might have disastrous consequences for the world in general and Asia in particular. About Corporate and banking restructuring, he mentioned about major mergers and takeovers and suggested that the “optimum size” is now much larger due to globalization. He noted that while trend towards globalization has been accelerated by systematic tariff reductions, free trade areas, enhanced capital mobility, and information technology, the efficiency of the current system is greatly reduced by the uncertainty over exchange rates that result in trillions of dollars of cross-border waste capital movements every year.

He elaborated on the advent of euro that currently covers 11 European countries (these countries have fixed exchange rates with euro) and by July 2002, euro will completely replace the domestic currencies in these 11 countries. Size of euro area will expand, Greece will join by the end of this year, Britain will eventually join (he believes), Sweden and Denmark will also join the group and altogether the membership will rise to 15 soon. By the end of the decade, the EU will contain several more of the thirteen countries that have been invited to apply for membership. In addition, 13 CFA franc countries in West and Central Africa are also tied to this euro area. It is plausible that a few more countries in North Africa and the Middle East will also choose to fix their currencies to the euro and the euro area could easily contain as many as 50 countries with a population exceeding 500 million and a GDP substantially larger than the US in a decade. He also stressed that the dollar area will also expand over the next 10 years. Some countries in Latin America and elsewhere will be inclined to follow the path pioneered by Argentina in 1991. They will be using dollar as an anchor for their currencies, just as countries in Africa and elsewhere will be using euro as an anchor for their currencies. New currency areas may also emerge (for example, the proposed currency area in Mercosur Free Trade Area).

Is it possible to have international monetary reform along the lines pioneered by EMU of a single currency for the world? Professor Mundell does not think so. Instead, he proposed a fixed exchange rate multiple-currency monetary union for two or three of the worlds’ “islands of stability” (dollar, euro, and yen areas) and then described how this union can be generalized for the rest of the world. Given the convergence of inflation rates, it is possible to lock exchange rates and bring interest rates into line with one another. The mechanism for locking exchange rates could be simplified by assigning different tasks to the three central banks. One of the three currencies could be chosen as the ‘pivot’ currency and on the basis of the largest monetary mass, it is best continued on page 4
to choose US dollar as the pivot. And the other countries could be assigned the task of fixing the exchange rates (yen to dollar and euro to dollar). The assignment for the Bank of Japan and ECB would be to keep exchange rates fixed while that for the expanded Federal Reserve would be to stabilize prices. The Policy committee of Fed would incorporate Japanese and European as well as American experts. The expanded Fed would take decisions about tightening or loosening credit and there would be a common target for monetary policy. The price index would incorporate goods representative of all areas and the next step would be to agree on a common target for inflation.

How can the exchange rate stability of three major currency areas be used to create a multiple-currency monetary union for the whole world? Professor Mundell proposed that IMF could be turned into a world central bank and granted the authority to produce a world currency. The three largest currency areas could be designated as agents of the Board of Governors of the IMF. The numeraire currency might be equated to a dollar or a euro or 100 yen. Each participating member in the union would fix its local currency to the world currency (common numeraire), following the adjustment principles of a currency board and denominate prices in the world currency as well as local currency. The world currency itself would be backed by the currencies of three largest central banks. There will be no currency crises (both internal and external stability would be attained) in participating countries as long as they adhered to the rules for fixed exchange rates. A world currency would provide a universal unit of account for transmitting values and be a source of substantial increase in the gains from trade. Language is a medium of communication and currency is a medium of exchange. National/ethnic languages are here to stay but a common world language (second language) would obviously facilitate international understanding. Similarly, national/regional currencies are likely to stay for a long time but a common world currency would be magnificent step towards globalization, he said.

The lecture was followed by a brief Q&A session that ended at 6:30 pm. (Assoc Prof Habibullah Khan prepared this write-up)
criteria such as sustained economic growth and living standards, it is difficult to classify her in the development spectrum due to lack of natural resources, decline in the service sector, heavy reliance on foreigners, re-export nature of economy, and her city-state character. Dr Lu Ding in his brief presentation carefully examined the advantages and disadvantages of E-commerce over the conventional business and made a critical appraisal of government policies and legal reforms undertaken to promote Singapore as an E-commerce hub. Professor Hoon in his presentation provided a detailed account of the evolution of wages and unemployment in Singapore over the past four decades and examined the challenges that Singapore’s labor marker currently face due to globalization and technological breakthrough. Finally, Professor Koh in her presentation outlined the main features of the Silicon Valley Model and examined the relevance of the model to Singapore’s current drive towards higher value-added industries.

A stimulating Q&A session followed the presentations. Professor Koh was asked how Singapore entrepreneurs could overcome the challenge of lack of big domestic market (unlike their Silicon Valley counterparts) to test their products. In reply, Professor Koh mentioned that while the task is difficult, it could be accomplished with creative and innovative ideas. “The local firms must change their mindsets and go to US and Europe to market their products as they now have to compete globally”, she suggests. Professor Hoon was asked about the precise role of foreign talent in Singapore. Citing the empirical evidences from the literature, he pointed out that there is a strong positive relationship between human capital and economic growth (more knowledgeable workers can adopt the new technology much faster). Augmenting the talent pool would therefore enable Singapore to raise its growth via improving the rate of technology diffusion from the OECD countries, he argued.

In relation to Professor Wilson’s question whether Singapore can compete, Professor Chng noted that while authors such as Michael Porter writes on The Competitive Advantage of Nations, with globalization (and the declining importance of national boundaries) it is really firms rather than nations that compete (as Krugman has pointed out). In this regard, the more meaningful question is whether Singapore firms or Singaporeans can compete? Also, as internationalization leads to denationalization, particularly for such a highly internationalized global city like Singapore, a related question increasingly is: what do you mean by Singaporean? Dr Lu Ding asked whether Professor Wilson should also use wealth as a measure of Singapore’s development. Professor Wilson replied that wealth figures are not easily obtainable. Professor Chng remarked that wealth, as a derived measure such as rent, is not a meaningful measure of development. He pointed out that the total value of land in Tokyo in the late eighties was many times the land value of the whole of California. The meeting ended at 5.00 pm. (Assoc Prof Habibullah Khan prepared this write-up)

**New Modules for Semester II, 2000/2001**

**EC4217 MARKETS AND GOVERNANCE**
Recently, there has been a proliferation of market forms beyond the traditional price-mediated market where buyers and sellers trade homogenous commodities. At the same time, there is an increasing recognition of the economic role of governance at different organizational levels. This course will study the governance of an organization, from the corporation to the state, along with a range of market forms, including e-commerce and smart markets, and explore their interrelation. It will also discuss results from the experimental economics literature concerning the performance of different market forms in laboratory settings.

**EC5274 CAPITAL MARKETS, ASSET PRICING AND PORTFOLIO MANAGEMENT**
This course is designed to offer a broad overview of financial assets traded in the money, options and stock markets. Topics include valuation of bonds and securities, analysis of options and futures contracts, asset pricing models and some applications.
**ESU Press Conference**

The Econometric Studies Unit held a press conference on 3 October 2000 to release its updated forecasts. There was wide media coverage for the conference, whose theme was “Could high oil prices derail Asian recovery?”

At the conference, Mr Ng Weng Hoong, Editor of EnergyAsia, brought attention to the increasing influence of “paper chasers” or speculators in the oil market that led to increased volatility in oil prices.

Assoc Prof Tilak Abeysinghe presented an extensive set of estimates that show how oil prices affect the economic growth of Singapore and 11 of her major trading partners directly and indirectly. Within about four quarters, Singapore remains less affected by oil prices because of the cushioning effect coming from the oil-exporting major trading partners, Malaysia and Indonesia. However, as time passes on, even Malaysia and Indonesia cannot escape the negative effect of high oil prices because of the negative influence coming through their trading partners.

Assoc Prof Peter Wilson presented the updated growth forecasts for Singapore and the trading partners under the assumption that the average Brent crude oil price will drop from US$ 31 in 2000Q3 to US$ 25 in Q4 and US$ 20 thereafter. The updated forecast for Singapore for 2000 and 2001 were 9% and 6.5% respectively. He presented a detailed background discussion on the OECD economies and regional economies. He also discussed the risk factors such as high oil prices and the possibility of currency volatility if US stock market jitters.

(Assoc Prof Tilak Abeysinghe prepared this write-up)

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**Meeting and Dialogue Session with Young MITI Officials**

Five graduate students and nine honors students from the Department attended a meeting and dialogue session with young officials from the Ministry of International Trade and Industry (MITI), Japan, on 17 October 2000.

The six second-year MITI officials were on a visit to Singapore for a training program in Southeast Asian countries. Expected to be future MITI leaders, their goal was to understand challenges facing Southeast Asian countries and to strengthen their policymaking ability for Asia through dialogues with government officials, intellectual leaders and university students in the region.

The visiting officials presented on the Japanese economy and MITI’s role in revitalizing the faltering economy and implementing trade policy for globalization. After the presentation, the group discussed issues on how Japan and Singapore responded to the recent economic crisis, and on the labor market situation in Japan, which is changing from lifetime to more flexible employment. (Ms Irene Ng prepared this report)
Economic Society of Singapore Annual Seminar

The most recent annual ‘A’-level Seminar on “Understanding the Singapore Economy”, which is presented by the Economic Society of Singapore (ESS) and organized by members of the Department and the ESS secretariat, was held on Saturday 5th August 2000 in the Auditorium of the Anglo-Chinese School (Independent) in Dover Road. A total of 1,094 Junior College students and their teachers attended along with 42 members of the society from the corporate, administrative and academic worlds. The theme this year was the impact of globalization and technological change on the Singapore economy and the nature of the government’s policy reactions.

The President of the Society, Assoc Prof Augustine Tan of the Singapore Management University, opened the seminar with the Presidential address in which he examined the claims about, and the different understandings of the term, ‘New Economy’ and their relevance to Singapore.

The subsequent presentations were:

- Assoc Prof Peter Wilson (Economics, NUS) “Challenges Facing the Singapore Economy: Can Singapore Compete in the Premier League?”
- Mr. Edward Robinson (Senior Economist at the Monetary Authority of Singapore) “Enlightened Discretion in Monetary Policy Management”
- Dr Lu Ding (Economics, NUS) “Singapore’s E-Commerce Policy”
- Assoc Prof Koh Ai Tee (Economics, NUS) “The Silicon Valley Model: Scope, Limits and Relevance to Singapore” which was based on research she is conducting with Dr Shandre Mugan Thangavelu.
- Assoc Prof Hoon Hian Teck (Economics, NUS) “Singapore’s Labor Market in an Age of Globalization and Skill-Biased Technological Change.”

The seminar continues to attract a significant number of students and teachers from a wide range of Junior Colleges. With the support of the ESS Secretariat, which is based in the Department, Assoc Profs Gavin Peebles and Tay Boon Nga principally organized the Seminar. (Assoc Prof Gavin Peebles prepared this write-up)

Economics Executive Program (EEP)

Established in 1992, the EEP has grown in reputation over the years and firmly established itself as an effective Executive Training, Consultancy and Professional Development arm of the Department.

The courses are specially tailored and designed professionally to meet the needs of senior and middle level executives. Listed among the clientele are government ministries and statutory boards, including the Ministry of Defence, Ministry of Foreign Affairs, Ministry of Manpower and the Institute of Policy Development. The EEP has also partnered with the National Bureau of Economic Research (USA), International Development Research Centre (Canada), Hans Seidel Foundation (Germany), and Japan International Cooperation Agency in offering workshops and training sessions.

For the second half of the year 2000, the EEP trained over 150 participants, amongst which were middle and higher-level government officials from Central Asia, ASEAN countries and China as well as from the Civil Service of Singapore.

The following courses were offered during June to December 2000:

- Singapore Financial Management: 19 – 30 June;
- ASEAN Economies: 31 July – 4 August;
- Banking and Finance: 5 – 9 September;
- Economics at Work: 18 – 20 September; &
Visitors to the Department

In the second half of 2001, the Department hosted five distinguished visitors.

Professor Colin F Camerer
From 26 June to 8 July, the Department co-hosted with FBA and School of Computing (main host) the visit of Professor Colin F Camerer. Professor Camerer is a chair professor at the humanities and social sciences division of Caltech, and is a well-known experimental economist. During his visit, Professor Camerer gave four two-hour lectures based on his forthcoming book on behavioral game theory. He had a meeting with Departmental staff on 4 July.

Professor George Karg
Professor George Karg, Head of the Department of Household Economics in the Technical University of Munich (TUM), visited the Department on 28 September. He had a meeting with Assoc Prof Euston Quah, Deputy Head, Assoc Prof Tay Boon Nga and Dr Chang Youngho and discussed the possible collaboration in teaching, research, and student exchange.

Professor Amnon Rapoport
Professor Amnon Rapoport, who had visited the Department in February, was in NUS again between 17 to 19 July to explore the prospects of setting up a Center for Experimental Research and Policy Analysis in the Social, Behavioral and Managerial Sciences. A distinguished social and behavioral psychologist who has also published extensively in Economics, particularly in game theory, Professor Rapoport met with Departmental staff on 17 July.

Professor Nguyen Van Thuong
Professor Nguyen Van Thuong, Vice-Rector of the National Economics University in Hanoi, Vietnam, visited the Department on 20 October. Accompanied by his interpreter, Mr. Bui Van Hung, Professor Nguyen discussed possible research and training collaboration with Assoc Prof Euston Quah and Dr Shandre Mugan Thangavelu.

Professor Andy Mullineux
Professor Andy Mullineux, Professor of Money and Banking in the Department of Economics, University of Birmingham, visited the Department on 6 Dec. The purpose of his visit was also to explore research and teaching collaboration.
Staff Seminars

The Department organizes staff seminars on a weekly basis with the objective to provide an opportunity for the staff as well as visiting economists to discuss their latest or on-going research, with topics ranging from pure theoretical to applied economics. The details of the papers presented from July to December 2000 are given below:

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<th>Presenter</th>
<th>Topic</th>
<th>Date</th>
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<td>Dr Yong J Yoon</td>
<td>“Politics as Tragedy: The Logic of Common Access to Social Value.”</td>
<td>8 August</td>
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<td>Dr Dilip K Bhattacharya</td>
<td>The Hidden Economy Estimates and Their Implications for Government Expenditure: UK (1960-1990)</td>
<td>22 August</td>
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<td>Dr Paul David Mizzen</td>
<td>Base Rate Passthrough in UK Banks and Building Societies’ Retail Rates”</td>
<td>31 August</td>
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<td>Professor Rodney Tyers</td>
<td>Capital-Skill Complementarity and Wage Outcomes following Technical Change in a Global Model</td>
<td>14 September</td>
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<td>Dr Dyuti Banerjee</td>
<td>Policies and Strategies to Prevent Software Piracy</td>
<td>21 September</td>
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<tr>
<td>Dr Shandre M Thangavelu</td>
<td>Technology Adoption, Education and Immigration Policies</td>
<td>26 September</td>
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<td>Professor Michael McAleer</td>
<td>Consumption, Liquidity Constraints, Uncertainty and Temptation: An International Comparison</td>
<td>28 September</td>
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<td>Dr Alan Martina</td>
<td>Diverse Groups Deciding on a System of Justice in Distribution: Evidence from the Philippines</td>
<td>5 October</td>
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<td>Dr Yohanes Riyanto</td>
<td>On the Design of Internal Organization of Innovation Process in a Firm</td>
<td>1 November</td>
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<td>Dr Shandre M Thangavelu</td>
<td>On Partial Factor Price Equalization</td>
<td>2 November</td>
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<td>Professor Srikanta Chatterjee</td>
<td>Sixteen Years of Economic Reform: Results and the Lessons from New Zealand</td>
<td>16 November</td>
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Economic Policy Forum (EPF)

The EPF hosts seminars on a wide range of policy issues. Details of papers presented at the EPF from July to Dec 2000 are provided below:

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<th>Presenter</th>
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<th>Date</th>
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<tr>
<td>Dr Cheolsung Park</td>
<td>Labor Force Participation of Older Singaporean Workers: Role of Central Provident Fund Savings and Other Factors</td>
<td>10 August</td>
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<td>Dr Zhu Lijing</td>
<td>Infrastructure Investment in China</td>
<td>17 August</td>
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<td>Dr Fredrik Sjoholm</td>
<td>FDI and the Dynamics of Productivity: Microeconomic Evidence</td>
<td>29 August</td>
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<td>Dr Liu Shaojia</td>
<td>China’s Dual-Price System in the Transition: How market prices outside the plan are determined?</td>
<td>5 September</td>
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<td>Dr Ho Kong Weng</td>
<td>The Changing Pattern of Production Fragmentation in Singapore and its Economic Consequences</td>
<td>19 September</td>
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<tr>
<td>Dr Pundak Mükhopadhyaya</td>
<td>Income Gap and Educational Opportunity in Some Southern Asian Countries: Government Efforts in Bridging Inequality</td>
<td>10 October</td>
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<tr>
<td>Professor Ari Kokko</td>
<td>Employment and Plant Dynamics in Swedish MNCs</td>
<td>19 October</td>
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<tr>
<td>Assoc Prof Thomas Snyder</td>
<td>The Demand for Roads: Lessons from the Auto Ownership and Road Pricing Schemes in Singapore</td>
<td>24 October</td>
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The year 2000 saw the Economic Society of Singapore (ESS) hosting the 25th Conference of the Federation of ASEAN Economic Associations (FAEA) at the Orchard Hotel on 7-8 September. Assoc Prof Augustine Tan, who assumed his position as President of ESS as staff member of the Department, was the Chairman of the FAEA. He gave the welcoming speech and after this the Opening Address was given by Mr Lim Hng Kiang, Minister for Health, Second Minister for Finance and Board Member, Monetary Authority of Singapore.

The theme of the Conference was “Monetary and Financial Management in Asia in the 21st Century” which mainly covered monetary and exchange rate management and financial and corporate governance. The first theme attracted such prominent international economists as Professor Ronald I. McKinnon of Stanford University and Dr John Williamson, Senior Fellow at the Institute for International Economics. As part of the opening Plenary session, Professor McKinnon presented a paper entitled “After the Crisis: The East Asian Dollar Standard Resurrected: An Interpretation of High-Frequency Exchange Rate Pegging”. His statistical analysis of pre-crisis and post-crisis East-Asian exchange rates, analyzed on a high-frequency basis (using daily or weekly data), led him to conclude that the crisis countries had returned to pegging against the American dollar. He then offered a theory as to why emerging market governments would wish to maintain day-to-day stability against the American dollar using the concept of “Original Sin” from Eichengreen and Hausmann. Dr. Williamson was not convinced of the relevance of the inappropriately named “Original Sin” concept. His presentation in the plenary session was “Exchange-Rate regimes for Emerging Markets: Reviving the Intermediate Option”. In this presentation, he argued the case against assuming that exchange-rate regime choices are limited solely to the two “corner solutions” of a rigidly fixed rate, possibly through a currency board, or the other “corner” of a free-float regime but that there is an “intermediate option”. This system has generally been called “crawling bands” but using Rudiger Dornbusch’s label he calls them BBC rules: “band, basket and crawl.” His presentation revealed his disagreement with Professor McKinnon’s “paean to the East Asian dollar standard”.

In the following sessions, participants from universities in Malaysia, Thailand, Indonesia, Philippines, Vietnam, and Singapore presented papers. In addition, a representative from the Hong Kong Monetary Authority, Miss Priscilla K. Y. Chiu, gave a paper on the experiences of the Hong Kong currency board system. From the department of Economics, Dr Kim Yoonbai presented a paper “Exchange Rate Policy in Singapore: Current Issues and Empirical Evidence” which is based on joint research with Dr Chow Hwee Kwan of the Department of Economics. There was also a presentation about the nature and problems of Stand-alone Internet Banking in Singapore. The Panel discussion on the last day was chaired by Mr Peter Seah, President and CEO of the Overseas Union Bank, and featured Professor McKinnon, Dr Williamson and Miss Priscilla K. Y. Chiu who all ably summarized their viewpoints and the main points raised during the Conference. After the Panel Discussion Dr John Williamson gave a lunch talk entitled “Curbing the Boom-Bust Cycle in Lending to Emerging Markets: How can the Industrial Countries Help?”

Dr Chow Hwee Kwan acted as MC for the Conference and together with Dr Lu Ding and Assoc Prof Gavin Peebles chaired sessions. They also acted as discussants of various papers. Papers were presented by academics from other departments of NUS and they also acted as discussants and session chairmen. Assoc Prof Augustine Tan, Dr Lu Ding and Assoc Prof Tay Boon Nga did the main organization of the Conference with the support of the ESS secretariat and at the Conference itself several graduate students of the Department and other members of the ESS Council helped to ensure that events ran smoothly and on time.

Participants were also able to visit the Monetary Authority of Singapore where they were given two briefings on aspects of Singapore’s monetary policy.
and the development of the financial sector followed by an interesting Q&A session.

The unexpected highlight of the Conference was the Closing Dinner, which through the good offices and connections of Professor Tan, was held at the Island Country Club and featured a Dinner Talk by Professor Robert Mundell, recipient of the 1999 Nobel Prize for Economic Sciences. Conference participants, members of the university and others were invited to attend. In a relaxed and unscripted talk, Professor Mundell magisterially reviewed the last century of international monetary history and linked it to the question of a common currency for Asia. He then responded to questions from the floor.

The Conference was a great success and there are plans to publish the papers and the discussants’ comments soon. (Assoc Prof Gavin Peebles prepared this write-up)

**Graduate Seminar: “Technical Issues in Practical Fund Management”**

As the Department’s graduate program kept on expanding, it organized its second graduate seminar on 27 September 2000 at 6pm in order to engage its large pool of graduate students in a brainstorming session on a topical issue. Dr David Lee, the Managing Director of Ferrell Asset Management Private Ltd. and a former faculty of the NUS Graduate School of Business presented this year’s seminar. The topic, Technical Issues in Practical Fund Management, was an area in Economics that held great sway in the hearts of most graduate students attending the seminar.

After a brief introductory speech by Assoc Prof Euston Quah, the Coordinator of the Department’s graduate program, Dr Lee began his presentation with short witty snippets and anecdotes to create awareness and interest and at the same time to provide a historical perspective to the theories behind Financial Economics. The advent of computers had however obviated the “obsolescence” of traditional models, and this then led Dr Lee to his main topic, the application of Chaos Theory, also known as the Fractal Market Analysis, to investment and other related areas of Economics.

Using the Sierpinski Triangle, he explained that seemingly random price movements in the stock markets have in fact determinate pattern and structure on the macro level, although the patterns may not be discernible on the micro level as revealed by modeling the market in the Fractal Space. The Fractal Market Hypothesis is also more flexible because it does not necessitate assumptions on the underlying distribution and adequately captures long-term memory in time series.

Besides technical issues, Dr Lee also addressed the pertinent questions related to portfolio choice and performance of global stock markets. He stressed the need for diversification in portfolio selection and cautioned that economic growth is rather unrelated to stock market and one should not assess the equity holdings by growth alone. He commented that buying Asian stocks in future might not be as rewarding as before because of slow growth of earnings and continuing uncertainties in the region (particularly Indonesia). He recommended biotech stocks for long-term investment.

The lecture was followed by a stimulating Q&A session. Graduate students participated actively in the discussion and raised a number of questions on market efficiency, optimal rate of return, methods of assessing stock performance, and the prospect of Dow Jones and Nasdaq. The meeting ended at 7:30 pm. (Leo Teng Wah, a graduate student, contributed to this write-up)
THAI MELTDOWN AND TRASMISSION OF RECESSION WITHIN ASEAN4 AND NIE4
by Tilak Abeysinghe

Using a multi-equation model that is capable of transforming a trade matrix to output multipliers, this paper investigates how the recessionary impulses generated by the Asian financial crisis are transmitted across borders. The basic transmission channel is trade. The contagion shocks are administered through variables like real exchange rate and credit flows. The real exchange rate effect is examined through two measures, relative consumer price index and relative unit labor cost. The results suggest that real appreciation cannot be considered a cause of the Asian crisis and it contributes very little in the process of transmission of recession. The impact of the credit crunch brought about by the currency crash and capital outflow is examined through indirect means. The evidence presented in the paper suggests that although transmission plays an important role in the medium run, the immediate economic contractions are largely a result of direct shocks that are attributable to “pure contagion”.

LIBERALIZATION, GROWTH AND THE ASIAN FINANCIAL CRISIS: LESSONS FOR DEVELOPING AND TRANSITIONAL ECONOMIES IN ASIA
by Mohammed Ariff and Ahmed M Khalid
Edward Elgar, 2000, 544pp

This timely book examines the effects of financial liberalization in the more advanced economies of Southeast Asia. It also analyses the degree to which emerging and transitional economies in East and South Asia can benefit from this example. The weakness of the banking sector is examined in order to explain the reasons behind the currency crisis and to prescribe policies to avoid a similar episode in the future.

PROCURING HONEST RESPONSES INDIRECTLY
by T.C. Chua and A.K.C. Tsui

We propose a new method for obtaining truthful answers to sensitive survey questions indirectly from a dichotomous population. In the proposed method, each sample respondent is asked to report a numerical value chosen from two parallel set of multiple outcomes generated by arbitrary randomizing devices. We show that the proposed estimator of the population proportion is more efficient and general than those put forward by Warner (1965), Franklin (1989) and Kuk (1990). Intuitively, our approach creates a remarkably respondent-friendly environment for each interviewee to discharge honest answers without the fear of exposing one’s identity. Two illustrative cases using the normal and exponential distributions as randomizing devices are performed to demonstrate the superiority of the proposed estimator.

SOCIAL EXPENDITURE AND ECONOMIC GROWTH: EVIDENCE FROM JAPAN USING COINTEGRATION TECHNIQUES
by Habibullah Khan & Ahmed M. Khalid

The paper seeks to study the impact of social expenditures (education, health, and social security and welfare) on economic growth by using the time series (1955-1994) data for Japan. We use cointegration test to analyze the long-run relationship between the GDP growth and education, health and social security share to GDP. We further extend the study to test and identify the direction of causality. We do not find any empirical support for a long-run relationship between the three different categories of social spending and the economic growth. The results, however, do support a causal relationship between these series.

A CROSS-COUNTRY STUDY OF TECHNOLOGY TRANSFER: VEHICLES, CONDITIONS, SPILLOVERS, AND POLICY CHALLENGES
by Koh Ai Tee and Shandre Thangavelu

This paper reviews recent theoretical and empirical literature to underscore the main vehicles of technology transfer from developed to developing countries, as well as the conditions for, and results of, successful transfer. Based on this literature, the paper conducts a cross-country examination of the conditions for successful transfer and relates these to welfare and technology output indicators in the context of these vehicles. The main finding is that host countries with high absorptive capacity, such as those in East Asia, tend to attract more technology inflow, which lead in turn, to high technology output and welfare performance. Past success, however, is no guarantee for future prosperity. East Asian countries will need to pay greater attention to tertiary education if they wish to transit towards a high-technology growth equilibrium, and become knowledge-based economies in the twenty-first century.

ONE-SIDED TESTING FOR ARCH EFFECTS USING WAVELETS
by Lee Jin
Econometric Theory (forthcoming)

We propose a one-sided test for ARCH effects using wavelets. The test is based on a wavelet spectral density estimator at frequency zero of the square of a regression residual series. The square of an ARCH process is positively correlated at all lags, resulting in a spectral mode at frequency zero. Spectral peak occurs at frequency zero when ARCH effects are persistent or when ARCH effects are small at each individual lag but carry over a long distributional lag. We show that wavelets can effectively capture such spectral peaks.
AN EMPIRICAL STUDY ON PUBLIC CAPITAL SPILLOVERS FROM UNITED STATES TO CANADA
by David T. Owyong and Shandre M. Thangavelu
Applied Economics, 2001 (forthcoming)

The effect of public capital on private sector productivity has received much attention in the literature. The impact of an adjacent country’s public capital on domestic productivity has not been previously examined. This paper attempts to fill this gap by examining the possibility of such spillovers from United States to Canada. Due to close proximity of both countries, the hypothesis of the paper is that these spillovers are important. A production function model, which closely follows Aschauer (1989), introduces United States public capital as an exogenous variable and tests for its significance. The results indicate positive spillovers from United States public capital to Canadian productivity.

DO POOR COUNTRIES TEND TO GROW FASTER THAN RICH COUNTRIES?
by V. V. Bhanoji Rao and Shandre M. Thangavelu
Applied Economic Letters, 2000, 7, 629-632

The observation by Barro that cross-country evidence is inconsistent with the hypothesis that poor countries tend to grow faster than rich countries is examined. The overall sample of countries employed in the Barro studies is adjusted by excluding those with small sample sizes (less than 15 observations) and/or those with not statistically significant trend growth rates. It is found that, in general, poor countries tend to grow faster than rich countries. However, this observation holds especially strongly for 17 countries with real per capita product above $1000.

TFP GROWTH IN THE ELECTRONICS INDUSTRY OF SINGAPORE
by Shandre M. Thangavelu and V. V. Bhanoji Rao

This paper highlights the trends in TFP growth in the electronics industry. A finding of particular note is that almost all sub-sectors have registered improvements in TFP growth during 1987-1995. Also, given the fact that the computer products & peripheral industry has a more than 50 per cent share in electronics exports, it is encouraging to note that TFP growth in the sub-sector has been a robust 11.2 per cent during 1987-1995.

IMPACT OF PUBLIC CAPITAL ON THE MANUFACTURING PRODUCTIVE PERFORMANCE OF JAPANESE INDUSTRIES
by Shandre M. Thangavelu and David T. Owyong
Applied Economics, 2000, 32, 1515-1520

The paper analyses the impact of public capital on the Japanese manufacturing industries from 1970 to 1995. Unlike previous studies, which are based mostly on economy-wide analysis, this study is based on a disaggregated analysis at the industry level. A Generalized Leontief cost function is utilized to estimate the impact of public capital on nine manufacturing industries in Japan. The results indicate that public capital offers no insignificant contribution to the productive performance of these manufacturing industries except for Paper, Textiles and Transport. The paper also suggests that the bubble economy in the 1980s is the contributing factor behind this insignificant effect on public capital.

TIME SERIES MODELS WITH NONNORMAL INNOVATIONS: SYMMETRIC LOCATION—SCALE DISTRIBUTIONS
by Tiku, M L, W K Wong, D C Vaughan and G Bhan
Journal of Time Series Analysis, Vol. 21, No.5, 2000, 571-596

We consider $AR(q)$ models in time series with non-normal innovations represented by a member of a wide family of symmetric distributions (Student’s $t$). We derive the MML (modified maximum likelihood estimators) of the parameters and show that they are remarkably powerful. We use these estimators for hypothesis testing and show that the resulting tests are equally powerful. The results indicate the robustness of the proposed estimators and tests to deviations from an assumed model. Skew distributions will be considered in part II of this paper.

MAXIMUM LIKELIHOOD ESTIMATION OF ARMA MODEL WITH ERROR PROCESSES FOR REPLICATED OBSERVATION’
by Wong, W K, R B Miller and K Shrestha.

In this paper we analyse the repeated time series model where the fundamental component follows a ARMA process. In the model, the error variance as well as the number of repetition are allowed to change over time. It is shown that the model is identified. The maximum likelihood estimator is derived using the Kalman filter technique. The model considered in this paper can be considered as extension of the models considered by Anderson (1978), Azzalini (1981) and Wong and Miller (1990).

INNOVATIVE VS. IMITATIVE R&D AND ECONOMIC GROWTH
by Zeng Jinli
Journal of Development Economics (forthcoming)

This paper develops a multi-sector dynamic general equilibrium growth model, in which innovation improves product quality and imitation expands product variety and both innovation and imitation can occur simultaneously in the same sector. Within the analytical framework so developed, we show that: (i) subsidizing innovation and taxing imitation are not necessarily equivalent in terms of their effects on imitation; (ii) an innovation subsidy always speeds up economic growth while an imitation subsidy always does the opposite; and (iii) the welfare effects of both innovation and imitation subsidies are ambiguous.
Staff members are actively involved in research and this is reflected in the growing number of conferences attended by staff every year. Some of the overseas conferences that our staff members participated from July to December 2000 are given below:

<table>
<thead>
<tr>
<th>Staff</th>
<th>Conference Title</th>
<th>Title of Paper</th>
<th>Venue</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Fredrik Sjoholm</td>
<td>75th Annual Conference of the Western Economic Association International</td>
<td>FDI and the Dynamics of Productivity: Microeconomic Evidence</td>
<td>Canada</td>
<td>29 June-3 July</td>
</tr>
<tr>
<td>Assoc Prof Anthony Chin</td>
<td>4th Air Transport Research Group Conference</td>
<td>Investment Decisions and Profitability of Airlines</td>
<td>Netherlands</td>
<td>2-4 July</td>
</tr>
<tr>
<td>Dr Lu Ding</td>
<td>Developing through Globalization: China’s Opportunities and Challenges in the New Century</td>
<td>Industrial Policy and China’s Participation in Globalization</td>
<td>China</td>
<td>5-7 July</td>
</tr>
<tr>
<td>Dr Zhu Lijing</td>
<td>Greater China &amp; the World Economy (Organized by City University of Hong Kong and Others)</td>
<td>Public Infrastructure Investment in the Transforming Chinese Economy: A Dynamic Equilibrium Analysis</td>
<td>Hong Kong</td>
<td>17-18 July</td>
</tr>
<tr>
<td>Dr Yu Qiao</td>
<td>7th Asia-Pacific Finance Association Annual Conference</td>
<td>Determinants of Foreign Direct Investment across China</td>
<td>China</td>
<td>24-26 July</td>
</tr>
<tr>
<td>Professor Parkash Chander</td>
<td>Workshop on Environmental Economics for IAS Officers</td>
<td>The Kyoto Protocol and Developing Countries</td>
<td>India</td>
<td>26-28 July</td>
</tr>
<tr>
<td>Assoc Prof Anthony Chin</td>
<td>Second International Conference on Traffic &amp; Transportation Studies</td>
<td>Impact of the Road Pricing Scheme on Commuter Trip Departure Time</td>
<td>China</td>
<td>31 July-2 Aug</td>
</tr>
<tr>
<td>Professor Tse Yiu Kuen</td>
<td>8th World Congress of the Econometric Society</td>
<td>A Multivariate GARCH Model with Time-Varying Correlations</td>
<td>USA</td>
<td>11-16 Aug</td>
</tr>
<tr>
<td>Dr Goh Ai Ting</td>
<td>8th World Congress of the Econometric Society</td>
<td>Learning by Doing, Trade in Capital Goods and Growth</td>
<td>USA</td>
<td>11-16 Aug</td>
</tr>
<tr>
<td>Dr Lee Jin</td>
<td>8th World Congress of the Econometric Society</td>
<td>One-sided Testing for ARCH Effect using Wavelets</td>
<td>USA</td>
<td>11-16 Aug</td>
</tr>
<tr>
<td>Dr Anthony Tay</td>
<td>8th World Congress of the Econometric Society</td>
<td>Dynamic Regressions with Variables Observed at Different Frequencies</td>
<td>USA</td>
<td>11-16 Aug</td>
</tr>
<tr>
<td>Dr Kim Yoonbai</td>
<td>KIF-KAEA Joint Seminar and 9th International Economics Convention</td>
<td>A Common Currency Peg in East Asia</td>
<td>South Korea</td>
<td>17-19 Aug</td>
</tr>
<tr>
<td>Dr Shin Jang-Sup</td>
<td>Annual International Economic Conference of the Korea Economic Association</td>
<td>Globalization, Over-Investment, and Over-Adjustment</td>
<td>South Korea</td>
<td>18-19 Aug</td>
</tr>
<tr>
<td>Assoc Prof Anthony Chin</td>
<td>21st Century Asia: Economic Restructuring &amp; Challenges of Megacities</td>
<td>Role of Infrastructure and the Environmental Sustainability of Asian Megacities</td>
<td>Japan</td>
<td>26-27 Aug</td>
</tr>
<tr>
<td>Professor Mukul Asher</td>
<td>Reconfiguring East Asia: Regional Institutions and Organizations after the Crisis</td>
<td>The Social Security Institutions in Southeast Asia in the Aftermath of the Crisis</td>
<td>Australia</td>
<td>28-29 Aug</td>
</tr>
<tr>
<td>Dr Reza Yamora Siregar</td>
<td>Financial Markets and Policies in East Asia</td>
<td>Private Capital Flows in East Asia: Boom, Bust and Beyond</td>
<td>Australia</td>
<td>4-5 Sep</td>
</tr>
<tr>
<td>Dr Souresh Saha</td>
<td>27th Conference of the European Association for Research in Industrial Economics</td>
<td>R&amp;D Composition over the Product Life Cycle</td>
<td>Switzerland</td>
<td>7-10 Sep</td>
</tr>
<tr>
<td>Dr Sougata Poddar</td>
<td>(a) 27th Conference of the European Association for Research in Industrial Economics</td>
<td>(a) Strategic Effect on Renting in a Durable Goods Market under Exchange Rate Uncertainty.</td>
<td>Switzerland</td>
<td>7-10 Sep</td>
</tr>
<tr>
<td>Staff</td>
<td>Conference Title</td>
<td>Title of Paper</td>
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<tr>
<td>Dr Sougata Poddar</td>
<td>(b) International Conference on Copyright in the Cultural Industries Economics, Law and Management</td>
<td>(b) Network Externality and Software Piracy</td>
<td>Netherlands</td>
<td>11-12 Sep</td>
</tr>
<tr>
<td>Dr Wang Jianguo</td>
<td>2000 Annual LACEA Meeting (Organized by the Foundation Getulio Vargas)</td>
<td>1) Attitude Choice, Economic Change and Welfare</td>
<td>Brazil</td>
<td>12-14 Oct</td>
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<td></td>
<td></td>
<td>2) Nature of the Firm: Why China’s Township and Village Enterprises Outperform State-Owned Enterprises</td>
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<tr>
<td>Assoc Prof Hui Weng Tat</td>
<td>International Migration and Structural Change in APEC Member Economies</td>
<td>Foreign Manpower Policy and Development Strategy in Singapore</td>
<td>Taiwan</td>
<td>18-23 Oct</td>
</tr>
<tr>
<td>Dr Lu Ding</td>
<td>Workshop: China and the WTO</td>
<td>Prospect of Industrial Policy Regime after the WTO</td>
<td>China</td>
<td>19-20 Oct</td>
</tr>
<tr>
<td>Assoc Prof Jose Tongzon</td>
<td>The 8th Malaysia-Singapore Forum</td>
<td>Singapore-Malaysian Ports: Competition or Cooperation?</td>
<td>Malaysia</td>
<td>19-21 Oct</td>
</tr>
<tr>
<td>Dr Pandarik Mukhopadhyaya</td>
<td>The 8th Malaysia-Singapore Forum</td>
<td>Income Disparity and Equality in Educational Opportunity</td>
<td>Malaysia</td>
<td>19-21 Oct</td>
</tr>
<tr>
<td>Dr Chia Ngee Choon</td>
<td>Public Private Partnership in the Health Sector (Organized by ADB Institute)</td>
<td>Public Private Partnership in Health Care Financing and Health Care Delivery: The Case of Singapore</td>
<td>Thailand</td>
<td>30 Oct-3 Nov</td>
</tr>
<tr>
<td>Dr Zhang Zhaoyong</td>
<td>The Asian Retail and Distribution Forum</td>
<td>Internationalization of Retail Trade in Asia</td>
<td>Japan</td>
<td>6 Nov-10 Nov</td>
</tr>
<tr>
<td>Dr Pandarik Mukhopadhyaya</td>
<td>Southern Economic Association Meeting</td>
<td>An Investigation of Retail Trade Disparity in Australia Using A Generalized Social Welfare Function</td>
<td>USA</td>
<td>10-12 Nov</td>
</tr>
<tr>
<td>Dr Fredrik Sjoholm</td>
<td>Technology Development in East Asia (Organized by WBI)</td>
<td>Technology Policy in Indonesia</td>
<td>Indonesia</td>
<td>14-15 Dec</td>
</tr>
<tr>
<td>Dr Liu Haoming</td>
<td>First Biennial Conference of the Hong Kong Economic Association on &quot;The Asian Pacific Economies in the New Millennium&quot;</td>
<td>Does it pay to send your children to non-public schools</td>
<td>Hong Kong</td>
<td>14-16 Dec</td>
</tr>
<tr>
<td>Dr Lu Ding</td>
<td>First Biennial Conference of the Hong Kong Economic Association on &quot;The Asian Pacific Economies in the New Millennium&quot;</td>
<td>Impact of China's Industrial Policy Regime on Cross-Industry Resource Allocation</td>
<td>Hong Kong</td>
<td>14-16 Dec</td>
</tr>
<tr>
<td>Dr Souresh Saha</td>
<td>First Biennial Conference of the Hong Kong Economic Association on &quot;The Asian Pacific Economies in the New Millennium&quot;</td>
<td>Anti-trust Policy in the Context of Trade Liberalization</td>
<td>Hong Kong</td>
<td>14-16 Dec</td>
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</tbody>
</table>
Welcome

We wish to extend a very warm welcome to the following new staff members (with details provided) who joined the Department between June and December 2000:

<table>
<thead>
<tr>
<th>Name/Designation</th>
<th>Academic Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Lee Soo Ann</td>
<td>Previously he was in Public Policy Program. His areas of research are: Normative Economics, Economic Development, Public Sector Economics</td>
</tr>
<tr>
<td>Adjunct Senior Fellow</td>
<td></td>
</tr>
<tr>
<td>Dr Lee Jin</td>
<td>PhD Cornell University, MA BA Seoul University. His research interests are Time-Series Analysis and Financial Econometrics</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td></td>
</tr>
<tr>
<td>Dr Xie Feixue Faith</td>
<td>PhD MA Pittsburg. Her research interests are Investment and Corporate Capital Structure</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td></td>
</tr>
<tr>
<td>Dr Emily Cremers</td>
<td>PhD Univ of Minnesota, BA Univ of Kentucky. Her research interests are Dynamic Open Economics, Economic Growth, Overlapping Generations Models, International Economics, Macroeconomics, Asia-Pacific Economic Development</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td></td>
</tr>
<tr>
<td>Ms Serene Tan Sze Ching</td>
<td>BA with Merit and B.Soc.Sci NUS. She left for overseas study at University of Pennsylvania and is expected to return on 3 Aug 2004</td>
</tr>
<tr>
<td>Senior Tutor</td>
<td></td>
</tr>
<tr>
<td>Dr Xie Feixue Faith</td>
<td>PhD MA Pittsburg. Her research interests are Investment and Corporate Capital Structure</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td></td>
</tr>
<tr>
<td>Ms Siti Alida Binte Ali</td>
<td>She is located in General Office II</td>
</tr>
<tr>
<td>Management Support Officer</td>
<td></td>
</tr>
</tbody>
</table>

All the best

The Department would like to thank the following staff for their dedicated service to the University: Dr Aris Ananta, Dr Iddamalgoda, Dr Jacques Olivier, Dr David Owyong, Mr Kelvin Tan, Dr Tang Fang Fang, and Madam Wu Wei who have left or will be leaving the Department soon.

Congratulation

We wish to congratulate Assoc Prof Mukul Asher who was promoted to full Professorship with effect from 1 August 2000 and now is attached to the Public Policy Program. We wish him all the best.
The National Day Lecture 2000

The National Day Lecture (NDL), one of the Economics and Statistics Society’s most prolific annual events, marks the efforts of the Society in promoting community and national awareness amongst graduates and pre-University students.

This year, Mr Lim Boon Heng, Minister without Portfolio and National Trades Union Congress (NTUC) chief, delivered the 8th NDL on August 22, attracting staff and students alike to occupy LT 13 to its full capacity.

In his speech, the Minister stated the need for a new social contract for workers, as Singapore is in the midst of an “epochal period of transition, from industrial to new, knowledge economy.”

The Minister saw three key issues that needed to be addressed, namely workers’ employability; the provision of a good quality-of-life for workers at the lower end of the economy; and the balance between work and family in an economy which works 24 hours a day, 7 days a week. Ultimately, he said, trade unions would always be necessary to provide support and guidance to workers, and strengthen social cohesion. They would thus not turn into “dinosaurs in the New Economy”.

Even so, trade unions also need to “evolve with the times and adapt to the new environment, in order to be able to play their role effectively and meet the needs of workers,” cautioned the Minister. “To do so, trade unions must attract workers, including professionals. We must have capable union leaders,” he said, urging the undergraduates to appreciate the importance of the profession. (Tay Shi’an, Head of Publications, Economics and Statistics Society, submitted this write-up)

The National Economics Quiz 2000

It was an exciting evening as the junior colleges vied for the top position in the 10th National Economics Quiz, held on the 18th August at the Productivity and Standards Board (PSB) auditorium. This year, the Society was honored to have Mr Khaw Boon Wan, Permanent Secretary for Ministry of Trade and Industry, as the Guest-of-Honor.

The event started with an opening address by Mr. Khaw and then followed by a welcome speech by Francis Tan, president of the ENS 37th Managing Committee. It then kicked off with 4 exciting rounds of intense competition- the individual round, speed round, presentation round and team round. Our contestants had to combine agility with wit, presenting their economic knowledge and persuasive powers to convince our judges of their positions.

The panel of judges comprised of Assoc Prof Gavin Peebles, Dr Shendremugan Thangavelu and Dr Mark Donoghue. The winning team was Raffles Junior College, with Victoria Junior College, Hwa Chong Junior College and Anderson Junior College taking the second, third, and fourth prizes respectively. The winners walked away with a $400 Borders book voucher as well as the Lim Chong Yah challenge trophy, through the courtesy of Hitachi Asia Limited, sponsor for the NEQ for the fifth consecutive year. (Tay Shi’an, Head of Publications, Economics and Statistics Society, submitted this write-up)
Every year, a group of students from NUS participate in the ‘Student Exchange Program’ (SEP). Under the program, students spend up to two semesters at Partner Universities overseas, studying equivalent courses/modules that are credited towards their degrees at NUS. In this issue, two students from the Department share their experiences under SEP.

Teo Chu-Tat, Jason  
SEP University: George Washington University

When I was first asked to write a short article on my experience here in DC for the Economics Newsletter, I asked myself, what have I learnt here that is relevant to Singapore society.

Well, for starters, my life here has been, to say the least, interesting. With American culture being so widespread, especially in Singapore, it wasn’t surprising that I could assimilate into the lifestyle easier than most international students can. After all, we do get our fair loads of American sitcoms and movies. But how similar is it really to the stuffs we catch on our television screens, one may ask. Pretty close enough, I would say. However, there are certain aspects of life in DC that could not be depicted in our television screens. That would be the interactions and to actually live among students of a truly diversified community.

We pride ourselves as a nation that is multi-cultural, but what we have is still basically a culture that is predominantly Chinese. What I see in DC is different; it is a cosmopolitan state that embodies a truly multi-cultural society. Take my newfound friends for instance, my roommate is English, my neighbors are Americans with Indian descent and the other is of Lebanese roots. Some of my good friends here belong to a Hispanic community and others retain links with their European heritage. America manages to capture a truly melting-pot concept of citizenship.

Apart from these, the individuality of each person is seen much stronger here compared to Singapore. Our society and culture has always focused on the collective instead of the individual. That to me presents a difference of perspectives and understanding of how to go about doing things. The concept of the collective before the self has been inculcated in us since we were young, and I believe that allows the transference of values that we hold close to us; the notion of family ties and filial piety for instance.

In my short stay here in the States, I have widened my perspectives, expand my horizon and filled my heart with memories that cannot be erased. I have experienced a learning culture that is different from Singapore and one of my lecturers virtually takes the old teaching manual and flung it out of the window. She has managed to inspire me, to challenge my mind, to take me to a new plane and gave me a quest for knowledge that I never had. And I think that is one aspect teaching should be having- to inspire.

I would like to end this note by expressing my gratitude for giving me an opportunity to share my experience with the Student Exchange Program.

Ng Lin Li  
SEP University: Simon Fraser University

Being in Canada on the exchange program has been everything I expected the place to be: Different.

On the first day of school, I had to take a bus to the downtown campus for lessons, but the bus never came. The bus drivers were on strike! Friendly Canadians at the bus stop assured me that this was not a frequent occurrence at all, and I managed to reach my destination by sharing a taxi with some other students. There were about twenty people in that sociology class, and I learnt an important thing that morning, one is never too old to be back in school and learn something new. People of various backgrounds and age introduced themselves; discussions in class are always an exchange of perspectives and experiences from all these different and varied sources. Most of my classmates juggle work and school, and also a vibrant social life, be it volunteering at the ‘Inner city Kitchen’ and giving out free food to the homeless, actively promoting environmental issues, acting in plays or going to the pub. Cindy, a middle-aged lady whom I often sit with in class, runs her own hairdressing salon. She is back in school because she wants to go to law school next year after she graduates, and help abused women and children in court legislation.

The pace of learning is enjoyable to me. There are always readings to do, which are not shadowed by the thought of having to regurgitate them in a three-hour exam, and much of my reading currently is based on the topics, which I have to do semester research papers for. Students here work conscientiously, partly because thy pay their own fees, and also take pride in their pet projects and papers, thus put much thought and time into writing them. The grading system is such that the final exam (if there is one) takes a relatively small percentage. For example, in one of my courses – Processes of Development, grading is based on a book review on any book by a prominent writer in the field, a two-hour presentation (in groups), an assignment,
The 2000 Student Internship Program was held from 15 May to 26 June 2000 and four students from our Department were interns at various government ministries.

Law Swee Ling, Sharon Anne was attached to the Ministry of Communications and Information Technology (MCIT), Sea and Air division. She worked (jointly with Chio Li Shin, another intern) on a project, “Study the investment patterns of the major port operators and discuss the implications for Singapore” that was aimed to study the trends in the shipping and port businesses as well as the investment patterns of port operators (particularly, Port of Singapore Authority or PSA), both in the region and internationally. Although her research was mainly based on interviews with industry players and government officials, she also applied some economic concepts (such as “gradualist approach” to tackle inflation) that she learnt at NUS.

Anne benefited from SIP in many ways. She learnt the whole process of policy making and acquired some soft skills from other interns and ministry officials. She also appreciates the work environment that was very friendly and free from intervention. Finally she says, “The SIP gave me an unforgettable glimpse of working-life in the civil service. Now, armed with newly acquired knowledge and (hopefully!) a more matured outlook towards life, I feel more confident meeting new people and articulating my views and opinions. As reluctant I was to head back to my textbook days, I know I am definitely going to treasure my remaining years in NUS and enjoy it while it lasts”.

Chio Li Shin was also attached to the Ministry of Communication and Information Technology (MCIT) and she worked with Sharon on the same research project (mentioned earlier). Other than learning on Singapore’s shipping and marine industry, she also gained a first-hand knowledge on basic research skills, interaction with people, art of presentation, and corporate culture. She made several suggestions for further improvement of SIP. For example, she suggests that each intern should be assigned two short projects under two different supervisors (rather than one). This will give the interns a feel of working under different leadership and management style, she believes. She also feels that the interns should be paired up with a permanent staff in a joint project in order to enhance on-the-job training. On the whole, the internship was an enriching experience for Li Shin.

Soon Sher Rene was attached to the Ministry of Trade and Industry. She worked on a project “Private sector participation in the development of industrial parks” that sought to identify lessons for Singapore by making a worldwide survey of industrial and technology parks. She very much enjoyed the project work that involved extensive use of the internet, the resource libraries, visits to industrial sites and interviews. In all, Rene found the SIP very fruitful as she could make many friends and gained a greater insight into the functions and working of civil service.

Jessica Teo Sze Ting was attached to the Resource Department of the Ministry of Trade and Industry (MTI) and she was given the task of researching on water markets in the international arena. She found the internship program highly beneficial. “It gave me an opportunity to perform professional duties in a ministry, which are challenging and interesting. This working experience has enabled me to acquire a practical knowledge and worthwhile experience in government administration and there indeed lies a possibility of a future career in Singapore Civil Service”, she said.
Graduate students attending international conferences

Although our staff has been attending international conferences regularly, very few students have had the opportunity to do so. Hazel Yuen, a Ph.D. student in the Department, who attended three international conferences (held in Malaysia, Thailand, and USA respectively) in the past one year, feels that participating in conferences is a most rewarding experience for a graduate student as it not only provides necessary exposure but also the platform to stimulate further exchanges and discussion. It is especially helpful if the conference is directly relevant to the researcher’s topic, she stresses. To those who aspire to attend conferences in future, she has the following advice: Be passionate in your subject (it is “contagious”), and do not be afraid to articulate your thoughts, because with interaction will there be better progress.

Choy Keen Meng, another Ph.D student in our Department, considers himself extremely fortunate to be able to present a paper “Sources of Macroeconomic Fluctuations in Singapore” in the Far Eastern Meeting of the Econometric Society (FEMES) held on 1-3 July 1999 at Mandarin Hotel, Singapore. He has benefited from the conference in many ways. He received constructive comments on his paper that was one of the core chapters of his dissertation and could interact with many specialists that included some of his lecturers from home and abroad. He also had the rare opportunity to listen to renowned econometricians such as Professors Granger and Phillips on their respective areas of expertise (such as time series econometrics and nonlinear integration).