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EDITORIAL TEAM OF

Dr Vijayakala Seevaratnam
Ms Sabrina Tan
Ms Salinah Zuber

THIS
ISSUE

Website: <http://nt2.fas.nus.edu.sg/ecs/>

PUBLIC LECTURE BY GOH KENG SWEET PROFESSOR 25 October 2005



Professor Ng Yew Kwang

Professor Ng Yew Kwang, Goh Keng Swee Professor in the Department of Economics, gave a public lecture on "Some Policy Implications of Behavioural Economics and Happiness Studies, with some reference to Singapore (the issue of casinos in particular)". The event was organized by Singapore Centre for Applied and Policy Economics (SCAPE), Department of Economics, NUS.

Recent studies in behavioural economics show that people often do not behave as assumed in the traditional simple economic models. Happiness studies also show that income is relatively unimportant in explaining the variation in reported levels of happiness. What are the policy implications of these findings? The public lecture made policy references to Singapore, particularly on the issues of public spending and the desirability of permitting casinos.

Professor Ng is from the Faculty of Business and Economics at Monash University in Australia, and his research interests are in welfare economics, mesoeconomics, new classical economics, Chinese economic reform and public policy.

The event was very successful as the lecture theatre was packed with students, faculty members and invited donors, among whom were Mr Ngiam Tong Dow (Chairman, Surbana Corporation Pte Ltd), Mr Teo Tong Lim (Managing Director, Tong Eng Brothers Pte Ltd), Mr David Lim (Group President & CEO, Neptune Orient Lines Ltd) and Mr Vijay Mehta (Chief Executive, Bank of India).



Professor Ng Yew Kwang (left) and Professor Åke G. Blomqvist, Head of Economics Department (right)



Public Lecture by Professor Ng Yew Kwang

EC3385 FIELD TRIP TO ALEXANDRA ROAD

The field trip to Alexandra Road on the morning of 12th November 2005, organized by representatives from the Maritime and Port Authority of Singapore (MPA), Neptune Orient Lines (NOL) and PSA Corporation Ltd (PSA), was to be a repeat of the successfully planned event the year before. But for the fifty undergraduate students from NUS and SMU under the aegis of Professor Hercules Haralambides, it would be their first exposure to the maritime industry, through a visit to the container terminal and attendance at the follow-up sessions in the NOL Building.

The programme for the day began with an informative briefing of PSA's container terminals by Mr Eugene Tay, using the miniature model of the terminals at the entrance of the PSA Building. Then, the students headed to one of the four container terminals, Keppel Terminal, on a bus tour and had a closer look at the innovative applications of technology such as the 'Flow-Through Gate System' as well as typical activities like the loading and unloading of containers at a busy container terminal.

After that, the students were brought back to the NOL Building for light refreshments which were followed by the first session – talks on 'An Overview of the Role and Functions of MPA' and 'Singapore Registry of Ships', given by Ms. Felicia Woo and Mr. S R Chandru, respectively. The second and third sessions, 'Terminal Management' by Mr. Ong Seow Leong and 'Liner Shipping and Logistics Operations' by Ms. Suriyana Md. Shah, respectively, continued to help the students integrate the knowledge they had gained in their Shipping Economics courses during the semester and expose them to the importance of the maritime industry and employment perspectives in the area.

The programme ended with an exciting question-and-answer session with panelists Mr Cedric Foo (Group Deputy President/President, Asia Middle East, NOL), Ms Grace Fu (CEO, South East Asia & Japan, PSA International Pte Ltd) and Mr Chua Lian Ho (Director (Training), MPA).



Students being briefed by Mr. Eugene Tay on PSA's container terminals



We had the privilege of listening to presentations by distinguished speakers on multifarious topics ranging from the role and functions of the MPA (Maritime Port Authority) to liner shipping and logistics operations



The field trip concluded with a question-and-answer session moderated by Professor Hercules Haralambides. The panelists included Mr. Cedric Foo from NOL, Ms Grace Fu from PSA, and Mr. Chua Lian Ho from MPA

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This provided the students a rare opportunity to ask questions and tap the expertise of the panelists on the challenges and operations of the three organizations and the general shipping industry, which they did not let pass.

Overall, the field study fulfilled the purpose of exposing the students to the thriving maritime sector of Singapore and highlighting employment opportunities for promising young graduates of economics and business.



The Q&A session was highly interactive with students posing some challenging questions to the distinguished panel of speakers

FROM MONEYLENDERS TO MICROFINANCE: SOUTHEAST ASIA'S CREDIT REVOLUTION IN INSTITUTIONAL, ECONOMIC AND CULTURAL PERSPECTIVE

**National University of Singapore
7-8 October 2005**

The last twenty years have seen a transformation in the availability and use of credit among the less prosperous strata worldwide. The growth of microfinance has led the United Nations to declare 2005 the UN International Year of Microcredit 2005. South East Asian countries have been pioneers in microfinance and their experience merited further study. This interdisciplinary workshop organized by Assoc Prof Aditya Goenka (Department of Economics) and Dr David Henley (ARI) on 7-8 October 2005 examined the various facets of traditional small scale credit as well as modern microfinance in the region from an economic, historical, and institutional perspective. The workshop was supported by the Asia

Research Institute, Department of Economics, Department of Sociology, Faculty of Arts and Social Sciences, and the International Development Research Centre (Canada). The workshop consisted of 15 papers delivered over two days.

The workshop was very successful as it brought together a wealth of information and ideas for future research. New facts, new data and new hypotheses emerged in the workshop. The discussions were very lively and added to the content of the papers presented. It is hoped that the workshop papers will be published in a volume edited by Aditya Goenka and David Henley.

GRADUATE THESIS TOPICS

The following students of the Department were conferred postgraduate degrees by research in December 2005.

PHD

Name	Topic	Supervisor
1. Hong Junjie	Location Determinants of Foreign Logistics Firms in China: A Discrete Choice Approach	Assoc Prof Anthony Chin
2. Lee Chee Tong	Essays in Financial Liberalisation	Prof Tse Yiu Kuen
3. Luckraz Shraavan	Essays in Technology Gap and Process Spillovers at the Firm Level	Assoc Prof Julian Wright Dr Ho Kong Weng
4. P D L Wasana Karunaratne	Reforming Formal Social Security System in Sri Lanka	Assoc Prof Tilak Abeysinghe Prof Mukul Asher

M.SOC.SCI. BY RESEARCH

Name	Topic	Supervisor
1. Chen Wei	Rise of China's Manufacturing Industry: Impact on Neighbouring Economies	Assoc Prof Lu Ding
2. Choa Yuh Yang, Edward	Environmental Damage Schedules: The Response to Public Allocation Decisions	Assoc Prof Euston Quah
3. Ye Tingting	Empirical Study of China's Economic Growth And Convergence Across Regions	Assoc Prof Lu Ding
4. Yu Shujie	Empirical Investigations on Determinants of China's Export Performance	Dr Chang Wayne Prof Tan Kong Yam
5. Zhang Juan	The Determinants of Equity Market Correlation – A Gravity Model Analysis	Assoc Prof Wong Wing Keung

MACROECONOMICS & MONETARY ECONOMICS BROWN BAG WORKSHOPS

- Coordinator : Assoc Prof Aditya Goenka
- Location : Silcock Journal Room, AS2/06-23
Department of Economics
National University of Singapore
- Time : 1.00 p.m. - 2.00 p.m. on Wednesdays
- Objective : The workshop is a forum for people working in macro and money - broadly defined
- to discuss their work-in-progress and bounce around ideas.
- Website : <http://nt2.fas.nus.edu.sg/ecs/res/bb.asp>

Semester I, Academic Year 2005/2006

Date	Speaker	Title
13 September 2005	Assoc Prof Aditya Goenka	Is Investment Too Volatile?
27 September 2005	Assoc Prof Zhang Jie	Inflation Taxation and Welfare with Externalities and Leisure
12 October 2005	Professor Partha Sen	Perfect Competition and the Keynesian Cross
26 October 2005	Dr Lin Mau-Ting	Match Quality and the Cyclical Behaviour of Equilibrium Unemployment and Vacancies
9 November 2005	Dr Wong Wei Kang	Is There Money Illusion?
16 November 2005	Assoc Prof Zeng Jinli	Long-Run Unemployment

INDUSTRIAL ORGANIZATION WORKSHOPS

- Coordinator : Assoc Prof Julian Wright
- Location : Staff Lounge Meeting Room, BIZ 1, Level 2
NUS Business School
National University of Singapore
- Time : 12.00 noon
- Website : <http://nt2.fas.nus.edu.sg/ecs/res/io.asp>

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Semester I, Academic Year 2005/2006

Date	Speaker	Title
2 September 2005	Professor Ivan Png School of Computing and Department of Business Policy NUS	Copyright Duration and the Supply of Creative Work
5 October 2005	Ms Soma Dey Department of Business Policy NUS	Are Patents Discouraging Innovation? A Model of Patenting and Innovation
9 November 2005	Dr Fu Qiang Department of Business Policy NUS	The Economics of "American Idol" (<i>joint with Department of Business Policy</i>)

THE SINGAPORE ECONOMIC REVIEW (SER)

The *Singapore Economic Review* is a biannual journal devoted to the publication of high-quality theoretical and empirical papers on all aspects of economics with a special emphasis on the economic problems related to Asian countries. Contents of the latest issue, Volume 50, Number 2 (October 2005), are appended below. For more information on submission of manuscripts and subscription to the journal, please visit the website at <http://www.worldscinet.com/ser/ser.shtml>.

Contents of Volume 50, Number 2 (October 2005)

Invited Eminent Paper Series – Why Panel Data?

Cheng Hsiao

Subject Matching: A Case Study on Two-Sided Matching

Xiaolin Xing and Yunhua Liu

Fractional Integration at Zero and the Cyclical Frequencies in the
Specification of US Prices

L. A. Gil-Alana

Assessing Pre-Crisis Fundamentals in Selected Asian Stock Markets

Ee Leng Lau, G. K. Randolph Tan and Shahidur Rahman

The Determinants of Aggregate Import Demand in Brunei Darussalam:
An Empirical Assessment Using a Cointegration and Error Correction Approach

Paresh Kumar Narayan and Russell Smyth

The Budget Deficit and Economic Performance: A Survey

Ali Salman Saleh and Charles Harvie

Foreign Direct Investment and Economic Growth in Malaysia:

The Role of Domestic Financial Sector

Chee-Keong Choong, Zulkornain Yusop and Siew-Choo Soo

A Note on the Future Population of Singapore Residents

Yoke Wai Wong, Uditha Balasooriya and Khye Chong Tan

Book Reviews

FACULTY EXCELLENT TEACHER AWARDS 2005

The Faculty Teaching Awards are given in recognition of the work and success of our most dedicated teachers. Our congratulations to the following Excellent Teachers:

Assoc Prof Chia Ngee Choon

Dr Ho Kong Weng

Dr Wong Wei Kang

CONGRATULATIONS

Our warmest congratulations and good wishes to Assoc Prof Albert Hu Guangzhou on his promotion to Associate Professor with effect from 1 January 2006.

A WARM WELCOME TO THE DEPARTMENT

- Dr Serene Tan Sze Ching who returned from study leave and joined the Department on 1 June 2005 as an Assistant Professor
- Dr Ting Gao who joined the Department on 25 July 2005 as an Assistant Professor
- Mr Lee Chee Tong joined SCAPE as Research Fellow on 18 August 2005
- Mdm Chee Lee Kuen who joined the Department on 16 November 2005 as a Management Support Officer

THANK YOU AND BEST WISHES TO THE FOLLOWING STAFF WHO HAVE LEFT THE DEPARTMENT

- **Mr Michele Acciaro** (Erasmus University Rotterdam)
Visiting Fellow from 19 September 2005 - 15 October 2005
- **Dr Swapnendu Banerjee** (Jawaharlal Nehru University)
SMF Post Doctoral Fellow from 1 September 2004 - 25 July 2005
- **Professor Hercules Haralambides** (Erasmus University Rotterdam)
MPA Professor of Shipping Economics from 2 August - 31 December 2005
- **Professor Long Ngo Van** (McGill University)
Goh Keng Swee Professor from 1 August 2004 - 31 July 2005
- **Dr Ng Seok Hean** (Monash University)
Visiting Senior Fellow from 20 June 2005 - 6 December 2005
- **Professor Ng Yew Kwang** (Monash University)
Goh Keng Swee Professor from 20 June 2005 - 6 December 2005
- **Dr Gulasekaran Rajaguru** (Bond University)
Visiting Fellow from 1 September 2005 - 31 December 2005
- **Professor Karl Shell** (Cornell University)
Tan Chin Tuan Professor from 29 July 2005 - 19 August 2005
- **Professor Wang Ruqu** (University of Colorado at Boulder)
Visiting Professor from 2 August 2004 - 1 August 2005
- **Dr Choy Keen Meng** who was with the Department since 25 June 2001 and left the Department on 31 December 2005
- **Dr Ho Kong Weng** who was with the Department since 17 August 1992 and left the Department on 31 December 2005
- **Assoc Prof Lu Ding** who was with the Department since 1 June 1992 and left the Department on 30 November 2005
- **Assoc Prof Jason Matthew Shachat** who was with the Department since 30 June 2003 and joined the NUS Business Policy Department on 1 January 2006
- **Dr Change Wayne** who was with the Department since 15 August 1998 and left the Department on 31 December 2005

STAFF ACTIVITIES

Professor Parkash Chander

Professor Chander has been appointed as Associate Editor of the *Journal of Public Economic Theory*. He has also been appointed as a member of the Faculty Research Committee of the Faculty of Arts and Social Sciences.

Professor Chander co-organised an eight-week international workshop on "Uncertainty and Information Economics" which was conducted at the Institute of Mathematical Sciences, National University of Singapore in May and June 2005.

Assoc Prof Aditya Goenka

Assoc Prof Aditya Goenka gave a presentation on "Manipulation via Endowments and Sunspot Equilibrium" at the Research Institute for Economic and Business Administration, Kobe University on 1 July 2005.

Assoc Prof Aditya Goenka and Dr David Henley (ARI) organised the interdisciplinary workshop "From Moneylenders to Microfinance: Southeast Asia's Credit Revolution in Institutional, Economic and Cultural Perspective" which was held at NUS on 7 and 8 October 2005.

Dr Hur Jung

Dr Hur Jung has been appointed a member of the editorial board of 'International Economics and Finance Journal', a quarterly peer-reviewed international journal managed by American University of Sharjah.

Dr Hur Jung's radio interview on "South Korea Seals First Asian FTA with Singapore" was broadcast on 5 August 2005 at Radio Singapore International, MediaCorp FM 93.8.

Professor Ng Yew Kwang

Professor Ng Yew Kwang (Monash University, Australia) presented a keynote speech "Increasing Returns and Economic Efficiency" at the Singapore Economic Review Conference SERC 2005 held at the Singapore Pan Pacific Hotel on 4 - 6 August 2005.

Dr Vijayakala Seevaratnam

Dr Seevaratnam was appointed Fellow of the Salzburg Seminar (Salzburg, Austria) on 4 July 2005, with a specialisation in 'European Integration and Expansion'.

Professor Sun Yeneng

Professor Sun Yeneng was invited to participate and give a talk entitled "Perfect Competition in Differential

Information Economies" at a Mathematical Economics Conference in Honor of Roko Aliprantis at Purdue University, 17-18 October 2005. He was also invited to visit the Department of Economics at the University of Notre Dame on 10-13 October 2005 and the University of Illinois at Urbana-Champaign on 19-22 October 2005 respectively. He gave a talk at the Midwest Economic Theory Meeting, Lawrence, Kansas on 15 October 2005.

Professor Sun Yeneng was invited by the Institute of Economics, Academia Sinica in Taipei to visit the Institute from 23 November to 23 December 2005. He gave a talk on "The Dvoretzky-Wald-Wolfowitz Theorem and Purification in Atomless Finite-Action Games" at the 2nd Pan-Pacific Conference on Game Theory, held in Academia Sinica on 24-26 November 2005; he was also on the programme committee of that conference. While at the Institute, Prof Sun also gave three lectures on "Large Markets and Games with Uncertainty".

Assoc Prof Peter Wilson

Prof Wilson served as Chairman of the Session on "Exchange Rate Economics" and the Session on "International Finance and Macroeconomics" at the Singapore Economic Review Conference 2005 held at the Pan Pacific Hotel, Singapore, 4-6 August 2005.

He was invited to chair a roundtable discussion of 'Singapore's BBC Exchange Rate Mechanism' and 'The State of Macroeconomics' with 2004 Nobel Laureate Professor Edward Prescott at the Monetary Authority of Singapore on 4 August 2005.



The MAS Roundtable with Economics Nobel Laureate Professor Edward Prescott (second from left)

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Prof Wilson was invited to give a presentation on "Singapore's Economic Growth Experience: An Overview" at the IMF-Singapore Regional Training Institute, Singapore on 17 August 2005.

Assoc Prof Wong Wing Keung

Assoc Prof Wong Wing Keung was invited to present a paper titled 'The Theory of the Cost of Capital' in a seminar organised by the School of Mathematics and Statistics, North-East Normal University, China on 28 July 2005.

CONFERENCES

Conferences attended by our staff members from July to December 2005 are given below:

Staff Name	Title of Conference	Title of Paper	Venue	Date
Assoc Prof Wong Wing Keung	Twelfth Annual Conference of the Multinational Finance Society	Stochastic Dominance and Behaviour towards Risk: The Market for Internet Stocks	Athens, Greece	2-7 July 2005
Dr Wong Wei Kang	Western Economic Association International (WEAI) 80th Annual Conference	Does Money Illusion Still Matter After Some Economics Education?	San Francisco, USA	5 July 2005
Assoc Prof Wong Wing Keung	AFA 2005 Conference	The Impact of Option Strategies in Financial Portfolios Performance: Mean-Variance and Stochastic Dominance Approaches	Hotel Istana, Kuala Lumpur, Malaysia	11-13 July 2005
Professor Parkash Chander	The Design of Climate Policy	Limits to Climate Change	Venice International University	22-23 July 2005
Professor Parkash Chander	The Design of Climate Policy	Keynote Lecture: Cooperation, Stability, Self-Enforcement: A Conceptual Discussion	Venice International University	22-23 July 2005
Dr Sougata Poddar	Singapore Economic Review Conference 2005	On Movie Piracy	Pan Pacific Hotel, Singapore	4-6 August 2005
Assoc Prof Wong Wing Keung	Annual Meeting of the Academy of Management: A New Vision of Management in the 21st Century	A Large-Scale SmartCard-Based Electronic Payment System and Service Operations Management	Honolulu, Hawaii, USA	6-10 August 2005
Dr Lee Soo Ann	Seek the Welfare of the City	Christian Contribution to the Socio-Economic Development of S.E. Asia	Trinity Theological College, Singapore	10-12 August 2005
Dr Cheolbeom Park	2005 Econometric Society World Congress	Stock Returns and Dividend-Price Ratio: Had the Predictive Relation Been Stable during the 1990s?	London, UK	19-24 August 2005
Assoc Prof Aditya Goenka	2005 Econometric Society World Congress	Mental Accounting and Sunspot Equilibria	London, UK	23 August 2005

SINGAPORE CENTRE FOR APPLIED AND POLICY

The Singapore Centre for Applied and Policy Economics (SCAPE) was successfully launched by Mr Tharman Shanmugaratnam (Minister of Education & Deputy Chairman of the Monetary Authority of Singapore) during the opening session of the Singapore Economic Review Conference (SERC 2005) at Pan Pacific Hotel on 4 August 2005. The Minister emphasized that "high standards in research and development of infrastructure conducive to the creation of knowledge are vital" as a source of economic growth with links between academic research and commercial applications.

The event was attended by over 300 distinguished academics from leading universities in the world, civil servants and private sector economists. There was also very positive feedback on SCAPE's working papers during the conference. The SERC 2005 and the launching of SCAPE was part of the NUS Centennial Celebrations.

Research Highlights

World Bank - Study on the Management of Appropriate Skills in a Fast Growing Economy with Rapid Technological Change (Lead Researcher: Assoc Prof Shandre Thangavelu)

Aimed at the preparation of an analytical study on the management of appropriate skills in a fast-growing economy with rapid technological change, the study focuses on the Singaporean experience and presents a comparative perspective from Korea, Taiwan (China), Hong Kong (China), Japan and Australia. The study is being commissioned as part of the background papers for the upcoming Regional Workshop on Investment Climate and Competitiveness in East Asia.

SSTA - Study of the Open School Bus Market

(Lead Researcher: Assoc Prof Anthony Chin) The Singapore School Transport Association (SSTA), an industry body that represents 90 per cent of school-bus operators, commissioned SCAPE to come up with a cost structure formula based on the buses' operational costs. The findings of the study recommended a fare increase of between \$5 and \$10. Over 53 bus operators participated in the survey. It was found that a third of bus operators' annual expenditure was spent on diesel, the price of which has nearly doubled in the last four years. Insurance premiums have also risen.



(L-R) Assoc Prof Shandre Thangavelu (Director of SCAPE), Prof Shih Choon Fong (NUS President), Minister Tharman Shanmugaratnam and Prof Åke Blomqvist (Head of Economics Department) at the Opening Ceremony

ECONOMICS (SCAPE)

SCAPE Policy Research Working Paper Series

As of December 2005, there are 19 working papers; details are available at <http://nt2.fas.nus.edu.sg/ecs/pub/wp-scape/index.asp>. The series facilitates the dissemination of research results with the least possible delay and makes inroads into publishing them in applied international journals.

SCAPE hosted the following visitors:

1. **Professor Colin H. Kirkpatrick**, Hallsworth Professor of Development Economics, the University of Manchester (7 - 13 August 2005)
2. **Professor Jack L. Knetsch**, Simon Fraser University (6 - 20 August 2005)
3. **Professor Henry Tulkens**, Center for Operations Research and Econometrics (22 November - 5 December 2005)

The distinguished visitors were invited to give seminar presentations and meet up with faculty members and students over research discussions and collaborations.

SINGAPORE ECONOMIC REVIEW CONFERENCE (SERC)

The Singapore Economic Review Conference (SERC) was held at the Pan Pacific Hotel from 4 to 6 August 2005.

The conference was a huge success. About 200 participants from more than 33 countries attended. The conference included twenty distinguished speakers with the keynote address given by Professor Edward Prescott, the 2004 Nobel Laureate in Economics. We also had the honour of having Mr Tharman Shanmugaratnam, the Minister for Education and the Deputy Chairman of the Monetary Authority of Singapore, for opening the conference and delivering a very insightful speech.



Distinguished academics from leading universities in the world, civil servants and private-sector economists at the opening ceremony

SERC

CONFERENCES (cont'd)

Staff Name	Title of Conference	Title of Paper	Venue	Date
Mr Aamir Rafique Hashmi	20th Annual Congress of the European Economics Association	Competition and Innovation: The Inverted-U Relationship Revisited	Amsterdam, Netherlands	24-27 August 2005
Assoc Prof Lu Ding	A Fraser Institute Policy Briefing	China's Dragon: Why All Provinces Are Not Breathing Fire	The Fraser Institute, Vancouver, BC	13 September 2005
Assoc Prof Aditya Goenka	From Moneylenders to Microfinance: Southeast Asia's Credit Revolution in Institutional, Economic and Cultural Perspective	Rural Credit Market Imperfections and the Role of Microfinance	National University of Singapore	7-8 October 2005
Assoc Prof Wong Wing Keung	6 th Frontier Science Symposium	Making Markowitz's Portfolio Principle Practically Useful	National University of Singapore	7-11 November 2005
Assoc Prof Wong Wing Keung	Decision Sciences Institute 2005 Meeting	Improved Stochastic Dominance and Mean-Variance Approaches for Business and Management	San Francisco, USA	19-22 November 2005
Assoc Prof Wong Wing Keung	Decision Sciences Institute 2005 Meeting	An Exploratory Study of Internet Banking and Customer Interactions	San Francisco, USA	19-22 November 2005
Dr Lee Jin	The 2nd International Business Research Conference	Fractionally Integrated Long Horizon Regressions	University of Technology, Sydney, Australia	7 December 2005
Dr Hur Jung	Asia's Regional Economic Integration and Cooperation	A Free Trade Area, a Customs Union and the Sustainability of World Free Trade	Aoyama Gakuin University, Tokyo, Japan	12 December 2005

STAFF SEMINARS

Co-ordinators: Dr Souresh Saha and Dr Gamini Premaratne

The Department of Economics Seminars Series is usually held on Tuesdays and Thursdays, from 4 - 5.30 pm.

Semester I, Academic Year 2005/2006

Presenter	Topic	Date/Time
Professor Ruqu Wang, Queen's University	Signalling by Jump Bidding in Private Value Auctions*	8 August 2005
Professor Ruqu Wang, Queen's University	Managing Economics Departments	10 August 2005
Professor Colin Kirkpatrick, Hallsworth Professor of Development Economics, The University of Manchester	Electricity Sector Reform in Developing Countries: An Econometric Assessment of the Effects of Privatisation, Competition and Regulation	11 August 2005

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Professor Huntley Schaller, Carleton University	The Long-Run Effect of Taxes, Prices, and the Interest Rate on the Capital Stock*	15 August 2005
Professor Huntley Schaller, Carleton University	Managing Economics Departments	16 August 2005
Professor Karl Shell, Thorne Professor of Economics, Cornell University and Tan Chin Tuan Visiting Professor, NUS	Sunspot Equilibrium	16 August 2005
Professor Jack Knetsch, Simon Fraser University	Behavioural Economics Research: Some Personal Views on Getting Started and Doing It	17 August 2005
Dr Serene Tan	Directed Search and Firm Size*	18 August 2005
Dr Changhui Kang	Effects of Small Classes on Academic Achievement: Evidence from New Entrants to Project STAR	23 August 2005
Assoc Prof Wong Wing Keung	Prospect and Markowitz Stochastic Dominance	25 August 2005
Assoc Prof Wong Wing Keung	Preferences over Meyer's Location-Scale Family	1 September 2005
Professor Basant Kapur	Financial Liberalization and Short-Run Housing Price Dynamics	15 September 2005
Dr Murali Agastya, University of Sydney	Cheap Talk, Efficiency and Egalitarian Cost Sharing In Joint Projects	20 September 2005
Assoc Prof Wong Wing Keung	Robust Estimation of Multiple Regression Model with Asymmetric Innovations and Its Applicability on Asset Pricing Model	29 September 2005
Professor Pier Gottardi, Universita' di Venezia	Managerial Hedging and Portfolio Monitoring	4 October 2005
Ms Connie Chung Wee-Wee	Whither the Impact of Financial Deepening on China's Economic Growth 25 Years on?	20 October 2005
Assoc Prof Tao Zhigang, The University of Hong Kong	Divergent Interests between Central and Local Governments: Testing Theories of Public Ownership	25 October 2005
Professor Ng Yew Kwang	Increasing Returns and Economic Efficiency	8 November 2005
Dr Cheolbeom Park	Predictive Power of the Yield Spread in Long Horizon Regressions	10 November 2005
Dr Chia-Hui Lu, Institute of Economics, Academia Sinica	Foreign Direct Investment and the Degree of Southern Penetration	15 November 2005
Professor Qi Li, Texas A&M University	Nonparametric Estimation of Regression	30 November 2005
Roland Cheo Kim San, Monash University	Functions in the Presence of Irrelevant Regressors Public Education and Increased Division of Labour	1 December 2005

*: Job Market Seminar

STAFF PUBLICATIONS

REPETITIVE RISK AVERSION

by Parkash Chander

Economic Theory (forthcoming)

This paper introduces a new concept of risk aversion that we call repetitive risk aversion. The risk aversion of an increasing and concave utility function is repetitive if the fear of ruin (Aumann and Kurz (1977)) is also increasing and concave. It is shown that repetitive risk aversion is stronger than decreasing absolute risk aversion, but not comparable to decreasing (or increasing) relative risk aversion. Several applications are discussed which show that repetitive risk aversion delivers better comparative static results.

PUBLIC GOODS, ENVIRONMENTAL EXTERNALITIES AND FISCAL COMPETITION

by Parkash Chander, Jacques Dreze, Lovell Knox and Jack Mintz (eds.)

Kluwer Academic Publishers, 2005.

This is a collection of essays by Henry Tulkens in the field of public economics some of which are written jointly with the editors of this volume. It covers three subject matters: environmental externalities, productive efficiency and fiscal federalism divided into separate parts each of which comes with an introduction written by one of the editors. An introduction to the volume provides an overview of the developments in the field of public economics during the last forty years.

FORECASTING THE GLOBAL ELECTRONICS CYCLE WITH LEADING INDICATORS: A BAYESIAN VAR APPROACH

by Choy Keen Meng and Chow Hwee Kwan

International Journal of Forecasting (forthcoming)

Developments in the global electronics industry are typically monitored by tracking indicators that span a whole spectrum of activities in the sector. However, these indicators invariably give mixed signals at each point in time, thereby hampering efforts at prediction. In this paper, we propose a unified framework for forecasting the global electronics cycle by constructing a VAR model that captures the economic interactions between putative leading indicators representing expectations, orders, inventories and prices. The ability of the indicators to presage world semiconductor sales is first examined by Granger causality tests. Subsequently, an impulse response analysis confirms the leading qualities of the selected indicators. Finally, out-of-sample forecasts of global chip sales are generated from two parsimonious variants of the VAR model viz., the Bayesian VAR (BVAR) and Bayesian ECM (BECM), and compared with predictions from a

bivariate model which uses a composite index of the leading indicators and a univariate autoregressive model. An evaluation of their relative accuracy suggests that the BVAR's forecasting performance is superior to the other models. The BVAR is also able to predict the turning points of the recent IT boom-and-bust cycle.

PREFERENTIAL TARIFF POLICY, PRODUCT QUALITY AND WELFARE

by Hur Jung

Hitotsubashi Journal of Economics (forthcoming)

This paper shows that when firms consider quality as a long run choice variable, a preferential free trade arrangement can create a quality gap in favour of its member countries, as long as R&D spillovers are not perfect, and increases welfare of member countries. This result implies that a preferential free trade arrangement such as a free trade area or a customs union can bring an exclusive long run benefit to the member countries.

TARIFF POLICY AND THE EXHAUSTION OF INTELLECTUAL PROPERTY RIGHTS IN THE PRESENCE OF PARALLEL IMPORTS

by Hur Jung and Yohanes E. Riyanto

Oxford Economic Papers (forthcoming)

This paper examines an interplay between tariff policy and parallel-import policy. From a welfare point of view, a host government would prefer allowing parallel imports to prohibiting them. However, if a tariff is not at the government's disposal, there will be no parallel imports in equilibrium because a foreign manufacturer would prefer adopting a uniform pricing policy to a discriminatory pricing policy, which will prevent parallel imports from occurring. If a tariff is at the government's disposal, it can be set optimally to induce the foreign manufacturer to impose a price discrimination policy. Such a policy will facilitate entry by a parallel importer provided that parallel imports are feasible.

A NOTE ON MULTI-ISSUE BARGAINING WITH A FINITE SET OF ALTERNATIVES

by Younghwan In

International Journal of Game Theory (forthcoming)

We extend the results of van Damme et al. (1990) and Muthoo (1991) to two bilateral multi-issue bargaining procedures with complete information and endogenous agenda, where each issue is associated with a finite set of alternatives. We show that in the first procedure (issue-by-issue bargaining), the stationary subgame perfect equilibria alone may support a large multiplicity of inefficient agreements.

Confronting a recent study, the results for the second procedure imply that it is not necessary to appeal to “strictly controversial” issues in a bargaining problem in order to find multiplicity and delay in agreements.

FINANCIAL LIBERALIZATION AND SHORT-RUN HOUSING PRICE DYNAMICS

by Basant K. Kapur

Economic Theory (forthcoming)

We develop a continuous time, rational expectations, multi-cohort model of an exchange economy with housing, the purchase of which is subject to a down payment constraint. The timing of the house purchase decision is a crucial endogenous variable, and four determinants of it are identified – the *housing services effect*, the *interest discounting effect*, the *consumption smoothing effect*, and the *rate of price increase effect*. Cohort effects, and supply constraints, play crucial roles at the aggregative level. We explore in detail the effects of a discrete financial liberalization, and show that if the liberalization is not announced sufficiently far in advance, housing prices will initially overshoot the new stationary equilibrium, and *vice versa*. Particular attention is paid to the possibility that for a subset of cohorts along the transition path the down payment constraint will not bind. An interesting ‘Prisoners’ Dilemma’ is also identified, and policy implications discussed.

LONG HORIZON REGRESSIONS WITH MODERATE DEVIATIONS FROM A UNIT ROOT

by Jin Lee

Economics Bulletin, December 2005, vol. 3, no. 3, pp. 1-11.

We consider long horizon regressions where the predictor with unknown degree of persistence follows a process of moderate deviation from a unit root. Some asymptotic properties of OLS estimator and of the *t* statistic are discussed.

RESPONSES TO GLOBALIZATION FROM A BIG TRANSITION ECONOMY: THE CASE OF CHINA

by Lu Ding

Global Economic Review, 34 (4), pp. 435-52, 2005.

Five years after its accession to the World Trade Organization, China has to carry out full commitments of market opening in many fronts, in particular the local currency banking services. Meanwhile, as China gradually rises to the rank of the middle-income countries, it faces the possible conflicts between ensuring a smooth integration of its economy into the global market and sustaining a full-employment growth of the domestic economy. This paper discusses several intermediate and long-term challenges to China in the era of globalization.

RATIONAL BELIEFS OR DISTORTED BELIEFS: THE EQUITY PREMIUM PUZZLE AND MICRO SURVEY DATA

by Cheolbeom Park

Southern Economic Journal (forthcoming)

This paper examines whether the expected equity premium constructed from survey forecasts is consistent with the implications of the rational belief approach or the distorted belief approach to explaining the equity premium puzzle. To address this question, a panel data model with a fixed individual effect and a business cycle effect is analyzed. The results appear more favourable to the distorted belief approach. The average expected equity premium is lower than the average realized equity premium during the sample period. The average bias across economists is significant and varies over the business cycle, which is consistent with distorted beliefs that are excessively pessimistic over expansions and excessively optimistic over contractions.

THE CHOICE OF CAPACITY IN MIXED DUOPOLY UNDER DEMAND UNCERTAINTY

by Sougata Poddar and Yuanzhu Lu

The Manchester School (forthcoming)

We analyze the capacity choice of firms under demand uncertainty in a mixed duopoly market consisting of one private firm and one public firm. We define a two-stage game where firms choose capacity in the first stage without knowing which state of nature is going to realize, and output in the second stage, knowing which state is realized. We address the question of maintaining over and under capacity in the equilibrium as a strategic device; and show that both symmetric as well as asymmetric outcome can realize.

THE DVORETZKY-WALD-WOLFOWITZ THEOREM AND PURIFICATION IN ATOMLESS FINITE-ACTION GAMES

by Ali Khan, Kali Rath and Sun Yeneng

International Journal of Game Theory (forthcoming)

We apply a consequence of a theorem of Dvoretzky, Wald and Wolfowitz to a finite-action setting of finite games with incomplete and private information, as well as to that of large games. In addition to simplified proofs and conceptual clarifications, the unification of results offered here re-emphasizes the close connection between statistical decision theory and the theory of games.

THE EXACT LAW OF LARGE NUMBERS VIA FUBINI EXTENSION AND CHARACTERIZATION OF INSURABLE RISKS

by Sun Yeneng

Journal of Economic Theory (forthcoming)

We introduce the concept of a Fubini extension. This framework is used to prove the exact law of large numbers for a continuum of independent random

variables or stochastic processes, which had been widely used in the economic literature without a proper foundation. A model for a large economy with individual risks is developed; and insurable risks are characterized by essential pairwise independence.

PURIFICATION OF MEASURE-VALUED MAPS

by Peter Loeb and Sun Yeneng

Illinois Journal of Mathematics (forthcoming)

We generalize the classical result of Dvoretzky-Wald-Wolfowitz on purification of measure-valued maps to general target spaces. As an application, we obtain a strong purification for every mixed strategy profile in finite-player games with compact action spaces and diffuse and conditionally independent information.

MARTINGALE PROPERTY OF EMPIRICAL PROCESSES

by Sergio Albeverio, Sun Yeneng and Jiang-Lun Wu

Transactions of the American Mathematical Society (forthcoming)

It is shown that for a large collection of independent martingales, the martingale property is preserved on the empirical processes. This result has implications on the testability of the martingale property in financial modeling.

CHINA'S DEMOGRAPHIC WINDOW: THE BOOM AND BUST IN PRIME-AGE WORKERS

by Judith Banister and Calla Wiemer

EAI Background Brief No. 249, Singapore: East Asian Institute, National University of Singapore, 18 July 2005.

Massive reallocation of labour from low to higher productivity jobs has been the driving force behind China's economic growth. This force has been aided by a favourable demographic profile: China's population, with a median age of 32, is now concentrated in prime working-age cohorts. This creates a window of opportunity for rapid economic growth provided the pool of available labour can be put to work productively. At present, China's biggest economic challenge is creating enough jobs. In recent years, the pace of new job creation has not been sufficient to sustain employment at the previous rate. After 2015, the population in working ages will decline very slowly. As this occurs, China can substitute quality for quantity of workers through investment in human capital. From about 2020 onward the main problem will not be employment but the cost of supporting a large dependent elderly population as the current bulge of those in their 30s and early 40s moves into retirement.

AN END TO CHINA'S AGRICULTURE TAX

by Lu Mai and Calla Wiemer

China: An International Journal, 3(2), September 2005, pp. 320-330.

The centerpiece of the Chinese government's programme to raise rural incomes has been elimination of the agriculture tax. This follows the consolidation of a plethora of rural taxes and fees into the agriculture tax in 2002, thus in principle wiping out the tax burden on farmers completely. Because the agriculture tax is heavily relied upon to fund local expenditures, its elimination must be linked to the institution of a centrally co-ordinated revenue sharing scheme and to shifts in responsibility for public service provision from townships and villages upward to counties.

LABOUR DEMOGRAPHICS: LONG BOOM, SLOW BUST

by Judith Banister and Calla Wiemer

China Economic Quarterly, October-December 2005 (Vol. 9, Issue 3), pp. 20-22.

Massive reallocation of labor from low to higher productivity jobs has been the driving force behind China's economic growth. This trend has been aided by a favourable demographic profile: China's population, with a median age of 32, is now concentrated in prime working-age cohorts. This creates a window of opportunity for rapid economic growth provided the pool of available labour can be put to work productively.

ASSESSING SINGAPORE'S EXPORT COMPETITIVENESS THROUGH DYNAMIC SHIFT-SHARE ANALYSIS

by Peter Wilson, Ting Su Chern, Tu Su Ping and Edward Robinson

The ASEAN Economic Bulletin, Vol. 22, No. 2, August 2005.

This paper uses dynamic shift-share analysis to examine Singapore's export performance in electronics and chemicals in the export markets of the USA, European Union and Japan over the period 1988-2001. It compares Singapore's export competitive position against a group of reference economies: China, Hong Kong, Korea, Malaysia and Taiwan, which are close competitors in these markets. Previous studies on Singapore using shift-share methods have tended to focus on the one or two-digit export classification. By contrast, the present paper looks at specific three-digit electronics categories and chemicals which are particularly important for analysing Singapore's current and future export strengths and weaknesses. Our findings identify 1996 as a turning point, in which Singapore's net positive gains in electronics exports compared to the reference economies shifted towards losses, but this need not be a problem if Singapore can continue to evolve from

exporting final electronics products to the developed markets, to supplying higher-end intermediate electronics components to support assembly-type operations in the other East Asian economies. Chemicals have also emerged as a possible new source of growth within the manufacturing sector.

ELASTICITY OF RISK AVERSION AND INTERNATIONAL TRADE

by Udo Broll, Jack E. Wahl and Wong Wing Keung
Economics Letters (forthcoming)

This note analyzes export production in the presence of exchange rate uncertainty under mean-variance preferences. We present the elasticity of risk aversion, since this elasticity concept permits a distinct investigation of risk and expectation effects on exports. Counterintuitive results are possible, e.g. though the home currency is revaluating (devaluating) exports of the firm increase (decrease). This fact may contribute to the explanation of disturbing empirical results.

NEW VARIANCE RATIO TESTS TO IDENTIFY RANDOM WALK FROM THE GENERAL MEAN REVERSION MODEL

by Kin Lam, May Chun Mei Wong and Wong Wing Keung
Journal of Applied Mathematics and Decision Sciences (forthcoming)

We develop some properties on the autocorrelation of the k -period returns for the general mean reversion (GMR) process in which the stationary component is not restricted to the AR(1) process but takes the form of a general ARMA process. We then derive some properties of the GMR process and three new non-parametric tests comparing the relative variability of returns over different horizons to validate the GMR process as an alternative to random walk. We further examine the asymptotic properties of these tests which can then be applied to identify random walk models from the GMR processes.

PRICING ACCESS: FORWARD VERSUS BACKWARD LOOKING COST RULES

by Julian Wright and Graeme Guthrie and John Small
European Economic Review (forthcoming)

Regulators across many different jurisdictions and industries have recently adopted the practice of setting access prices based on the current costs of providing the relevant facilities. Though widely regarded as being efficient, the efficiency implications of using current costs instead of historical costs have not been formally analyzed. Our analysis shows that given stochastic costs, forward-looking access prices retard investment and are generally dominated by access prices determined by historical cost whenever investment is desired.

PRICE STRUCTURE IN TWO-SIDED MARKETS: EVIDENCE FROM THE MAGAZINE INDUSTRY

by Julian Wright and Ulrich Kaiser
International Journal of Industrial Organization (forthcoming)

We present and estimate a model of competition in a two-sided market: the market for magazine readership and advertising. Using data on magazines in Germany, we find evidence that magazines have properties of two-sided markets. The results are consistent with the perception that prices for readers are 'subsidized' and that magazines make all their money from advertisers. Consistent with advertisers valuing readers more than readers value advertisements, our results imply that higher demand on the reader side increases ad rates, but that higher demand on the advertising side decreases cover prices.

MULTIHOMING AND COMPATIBILITY

by Julian Wright and Toker Doganoglu
International Journal of Industrial Organization (forthcoming)

When competing firms make their services compatible, consumers enjoy greater network benefits. These benefits can also be realized if firms remain incompatible and consumers multihome by purchasing from each of the firms. We find such multihoming may be a poor substitute for compatibility. Multihoming weakens competition and introduces costs that firms do not internalize. As a result, multihoming can increase the social desirability of compatibility, while making compatibility less attractive for firms. Surprisingly, policymakers should generally be more concerned about a lack of compatibility when multihoming is present. Our results extend to two-sided markets.

TWO-SIDED MARKETS

by Julian Wright and Mark Armstrong
In The New Palgrave Dictionary of Economics, 2nd Edition, Larry Blume and Steven Durlauf (eds.), Palgrave Macmillan (forthcoming)

There are many examples of markets where two or more groups of participants interact via intermediaries or "platforms". Surplus is created – or perhaps destroyed in the case of negative externalities – when the groups interact. Of course, there are countless examples where firms compete to deal with two or more groups. However, in a set of interesting cases, cross-group network effects are important, and the benefit enjoyed by a member of one group on a platform depends upon how well that platform does in attracting custom from the other group. For instance, a general purpose credit card scheme cannot offer a valuable service to either side unless it attracts both a large number of consumers carrying its cards and a large number of retailers that accept these cards. Negative cross-group externalities are also relevant

sometimes; for instance, viewers and listeners generally dislike advertisements on TV and radio. The study of two-sided markets is the study of such markets. In this New Palgrave entry, we provide an explanation of two-sided markets, discuss the central questions of interest, and survey some of the early results thus far.

CREDIT CARD INDUSTRY

by Julian Wright and Victor Stango

In *The New Palgrave Dictionary of Economics*, 2nd Edition, Larry Blume and Steven Durlauf (eds.), Palgrave Macmillan (forthcoming)

The concept of a general purpose credit card originated in 1949 when Frank McNamara dined in a New York restaurant and discovered that he could not pay for his meal (Evans and Schmalensee, 1999). By the 1980s credit cards had become ubiquitous, and they remain a popular form of payment in most economies. Banks offer cards, setting terms such as interest rates and annual fees. Transactions are handled by networks such as Visa and MasterCard, which emerged in the 1970s as joint member associations. Early research examining the market typically focused on the retail level, while more recent work has tended to focus on the network level, mirroring a shift in policy concerns in the 1980s. This New Palgrave entry surveys research on the credit card industry that is of interest to economists more generally. We focus on two topics that have been the subject of long-standing debate - claims that credit card interest rates are sticky and that interchange fees in credit card networks are set too high.

MOBILE TERMINATION

by Julian Wright, Olivier Renard and Harley Thompson
In *Access Pricing: Theory, Practice, Empirical Evidence*, Ralf Dewenter and Justus Haucap (eds.), Elsevier (forthcoming)

Regulators in Australia, Japan, United Kingdom and many countries in Europe have regulated mobile termination rates reflecting concerns about the high level of these charges and the resulting high fixed-to-mobile retail prices. In Latin American countries, despite success in expanding mobile telephony, the relatively high charges imposed by mobile phone operators on fixed line networks to accept calls have led to recent calls for regulatory intervention. This chapter builds on the recent theoretical literature that analyzes welfare-maximizing termination charges by calculating the welfare effects of regulating lower termination charges in a selected Latin American country. It does this by calibrating a theoretical model to market conditions in Colombia. Countries such as Colombia are of interest since they involve markets where (a) mobile penetration is still quite low and (b) policymakers are considering regulating lower

termination charges. Surprisingly, we find fixed to mobile traffic is actually maximized at around 6 cents above the current termination charge, consistent with strong positive spillovers from greater mobile penetration on fixed-line users. In contrast, regulating mobile termination down to cost would result in a 5 per cent reduction in consumer surplus, and a 12 per cent reduction in welfare.

INTERCHANGE FEES IN VARIOUS COUNTRIES: DEVELOPMENTS AND DETERMINANTS

by Julian Wright and Stuart Weiner

Federal Reserve Bank of Kansas City Working Paper 05-01

Interchange fees and related issues in credit and debit card markets have been the focus of considerable attention in recent years. The academic community has begun to address the economics of these markets. Public officials have begun to address the policy implications of developments in these markets. Meanwhile, these markets continue to experience dynamic change as credit, and especially debit, transactions account for an ever-growing share of overall payments. This paper provides an overview of interchange fee developments and issues in a number of countries. It also presents a preliminary analysis of some possible contributing factors. The principal conclusion of the paper is that interchange arrangements vary considerably across countries, and while existing economic theory provides some insight into fee levels and movements, much remains to be explained. A number of complex and interrelated factors, many country-specific, play a role in interchange developments.

INFLATION TAXATION AND WELFARE WITH EXTERNALITIES AND LEISURE

by Ho Wai-Ming, Zeng Jinli and Zhang Jie

Journal of Money, Credit and Banking (forthcoming)

This paper examines how inflation taxation affects resource allocation and welfare in a neoclassical growth model with leisure, a production externality and money in the utility function. Switching from consumption taxation to inflation taxation to finance government spending reduces real money balances relative to income, but increases consumption, labor, capital and output. The net welfare effect of this switch depends crucially on the strength of the externality and on the elasticity of intertemporal substitution: While it is always negative without the externality, it is likely to be positive with a strong externality and elastic intertemporal substitution.

15TH NATIONAL ECONOMIC AND FUND MANAGEMENT QUIZ (NEFMQ) 2005 (cont'd)

The presentation round called for a different set of skills of the finalists, as they analysed the surge in oil prices and how that affects the global economy, providing insightful analyses and interesting facts to the audience, captivating the audience with their masterful application of textbook economic theories onto a real life problem. Hwa Chong Institution impressed the judges with their answers to questions from the Head of Department of Economics, NUS, Professor Åke Blomqvist. National Junior College built their case on an unconventional analogy, while Victoria Junior College presented their answers in the form of a skit. Raffles Junior College gave a no-nonsense presentation that was simple yet to-the-point.

It was a close fight where all the finalists were at their best, and the judges had a difficult time deciding on the best. After much deliberation, Raffles Junior

College was crowned the champions of the 15th National Economic and Fund Management Quiz. On top of the individual trophies and the prize money of S\$1000 for the champions, Raffles Junior College also received the statuesque Economics Society Challenge Trophy. Victoria Junior College, Hwa Chong Institution and National Junior College were 1st, 2nd and 3rd runner-ups respectively. Each finalist school received cash prizes of S\$800, S\$600 and S\$400 respectively and each contestant also received a trophy.

For the past five years of competition, the coveted top spot has been dominated the duopoly of Hwa Chong Institution and Raffles Junior College. Will NEFMQ 2006 be an event that will see a new institution challenging their dominance, or will Hwa Chong Institution and Raffles Junior continue their supremacy in the quiz? We shall wait and see.

STAY IN TOUCH

We would like to express our sincere appreciation to all those who have contributed to this issue of the Newsletter.

We welcome your contributions on teaching, research and learning topics, as well as feedback on this issue. Please write to: ecsnews@nus.edu.sg.

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15TH 15TH NATIONAL ECONOMIC AND FUND MANAGEMENT QUIZ (NEFMQ) 2005

The 15th National Economic and Fund Management Quiz (NEFMQ) 2005 was organised by the NUS Economics Society with the help and support of the Economics Department of NUS and the Office of Student Affairs and was proudly sponsored by Government of Singapore Investment Corporation (GIC). It had two rounds of competition before crowning a winner, namely the preliminary round and the finals.

The preliminary round, which was held on 21st May 2005, attracted more than 700 students from 17 institutions.

The students completed a one-and-a-half hour paper consisting fifty challenging and thought-provoking multiple choice questions on economics and fund management. Hwa Chong Institution, National Junior College, Raffles Junior College and Victoria Junior College emerged as the top four institutions with the highest test score, in a quiz that had a mean score of only 20 out of 50.



Professor Åke Blomqvist with winners of NEFMQ 2005, Raffles Junior College



Mr Raymond Lim, Minister, Prime Minister's Office, 2nd Minister for Finance and Foreign Affairs, giving a speech as Guest-of-Honour during NEFMQ 2005

The finals for the NEFMQ 2005 were held at the University Cultural Centre Theatre, National University of Singapore on 30th July 2005 with Mr. Raymond Lim, Minister, Prime Minister's Office, Second Minister for Finance and Foreign Affairs as our invited guest-of-honour. The esteemed judges for the competition were Associate Professor Shandre Thangavelu, Dr. Albert Hu and Dr. Chang Youngho whose research interests in energy and macro aspect of economics were valuable in the judging and grading of the finalists.

The 15th NEFMQ finals proved to be a fascinating, intellectually stimulating and exciting affair, as the finalists battled their knowledge of economics and lightning mental reflexes against one another in the team and speed rounds. The challenging questions called for the finalists' wit and quick reflexes, and it was highly exciting as the finalists were also penalised for wrong answers. The audience was kept on the edge of their seats as the scores were very close, and the guest-of-honour was "very impressed with the way the teams were able to think on their feet".

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