

CONTENTS

Message From Our New Head of Department Professor Åke G Blomqvist	1
Economics Executive Programme	3-4
Econometric Studies Unit	4
NUS-University of Nottingham Joint Workshop	5
New Modules	5
Minor in Economics Programme	6
Staff Seminars	6-7
Economic Policy Forum	7
Conferences	8-11
Visitors to the Department	12-13
Staff Publications	14-16
Graduate Programme	16
Recruitment Trip for Graduate Students	17
Obituary: Professor Heinz Arndt	18-19
National Economics Quiz	19
Student Exchange Programme	20-21
Emeritus Professor Lim Chong Yah's Advisory Service to Mauritius	22
Stay in Touch	22
Upcoming Events	23
Best Wishes	23
With Warm Appreciation	24

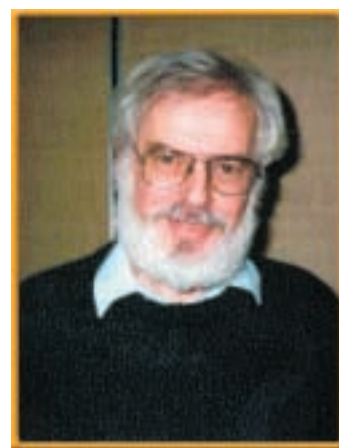
EDITORIAL TEAM OF

Ms Connie Chung
Ms Annie Koh
Assoc Prof Habibullah Khan
Ms Khatini Bte Anuar
Dr Shin Jang Sup
Assoc Prof Wong Chung Ming
Dr Wong Wei Kang

THIS ISSUE

Message from OUR NEW HEAD OF DEPARTMENT PROFESSOR ÅKE G BLOMQVIST

Åke Blomqvist received his undergraduate education in Sweden, and was a graduate student at Princeton University, from where he received his PhD degree in 1971. Since 1968, he has taught at the University of Western Ontario, where he is a Professor in the Economics Department. He served as Director of the Graduate Program in Economics during 1997-99.



*His two principal areas of research have been economics of developing countries, and economics of health care. He has taught and conducted research in several countries in Europe, Africa, and Asia, and served as chief supervisor for eight completed PhD dissertations. He has written or edited 4 books, some 30 articles in refereed publications, 15 book chapters and papers in conference proceedings, as well as a number of technical reports for government agencies. In health economics, his books include *The Health Care Business* (1979), *Swedish Health Care in International Perspective* (1990), and *Limits to Care: Reforming Canada's Health System in an Age of Restraint* (edited, with David Brown, 1994).*

A Vision for the Economics Department, NUS

It is with great anticipation that I look forward to joining my faculty and staff colleagues in the Economics Department of the NUS, to continue the work of my predecessors, Euston Quah, Chng Meng Kng, Hui Weng Tat and Basant Kapur.

The last 25 years have been an exciting time not only for Singapore and the economies of East and South Asia, but also for the economics profession. Economic growth, the mainspring of the advance of human welfare, has been taking place on an unprecedented scale in the region. The well-managed Singapore economy has played a critical role in the continuing process of integrating the countries of the region into the broader world economy. It has done this by maintaining a high degree of openness to foreign trade and investment, as advocated by economic theorists from Smith and Ricardo, through to Paul Samuelson, Harry Johnson, and others in the modern day.

As in many other countries, Singapore's prosperity has been built, in large measure, on the high educational standards that its population has attained. Its system of post-secondary education, led by the NUS, has obviously played a vital role in producing the highly skilled manpower that has contributed so much to the economy's success.

continued on page 2

In particular, the Economics Department has trained a large proportion of the students that have found employment as practicing economists in many organizations in both the government and private sectors. Their training has been of high quality, in part because the Department has recognized that good teaching is a necessary condition for establishing a good reputation locally, in competition with other institutions both at home and abroad. To maintain this reputation clearly should be an important objective in the years to come, and Department members' contributions as stimulating and innovative teachers at the undergraduate level must continue to be appreciated and rewarded.

In the last decade or so, the Department has put increasing emphasis on its teaching at the post-graduate (MA and PhD) levels as well. For a Department that is trying to strengthen its national and international reputation, its post-graduate programs are vital, for several reasons. Opportunities to teach courses at an advanced (post-graduate) level are critically important in attracting highly qualified faculty members, both at the junior and senior levels. Faculty at the junior level will be devoting most of their energies to the task of establishing themselves in research, through writing papers for publication in leading journals. For them, being able to teach advanced students at a high level is very valuable: such teaching can complement, rather than compete with, their research. The Department benefits as well, since it gives graduate students exposure to cutting-edge material in the faculty members' area of research. Similarly, established researchers at the senior level are more likely to be interested in joining the Department if they will be able to teach (and supervise) bright and well-trained graduate students in their areas of research.

Graduate teaching should also be a priority because, directly and indirectly, a successful graduate program will advance the Department's international profile and reputation. This may happen if graduates of the Department's MA programs perform well in PhD programs in leading foreign universities. It will also happen if the Department is able to attract talented students from other countries, and to demonstrate that NUS is a good place to receive graduate training at a high level. Moreover, attracting good graduate students from nearby countries like China and Indonesia could yield spinoffs in the form of closer contacts with the data and institutional knowledge that is needed to promote research on regional issues such as China's transition to a market economy, or development of resource-intensive industries in Indonesia.

Teaching, at all levels, is one of the two fundamental functions of every university. The other is research: contributing to the advancement of human knowledge.

Research in economics is hard work. Frequently, you are seeking answers to theoretical or empirical questions that many others have thought about long and hard, and there is fierce competition for space in the leading journals. Yet, those of us who have been fortunate enough to be able to devote a large part of our careers to research know that the rewards are great as well: the satisfaction of finding the answer to a difficult problem, or the thrill of seeing your work in print in journals that are read all over the world. Economists in all fields pay close attention to the work appearing in the leading international journals, and a department's reputation is based to a large extent on the frequency with which its members publish in these journals. If the vision is one of an Economics Department with a steadily growing international reputation, the way to realize it is clear: foster an environment in which research is encouraged and rewarded, and in which talented and enthusiastic researchers in theoretical and applied fields interact with one another in a productive "virtuous circle", and publish their work regularly in internationally recognized journals.

Ultimately, most economic research is undertaken in order to contribute, directly or indirectly, to better policy decisions, sometimes in the private sector but more often (in the case of an Economics Department) in government. Successful researchers often become sought-after advisors to government policy makers. To me, this outcome is consistent with the vision of a successful Department: one that is able to contribute to human knowledge globally, but that is also considered useful in terms of helping make better policy close to home. Care must be taken, though, to achieve a balance. Sometimes, those faculty members who could be most productive in terms of contributing to a Department's mainstream research end up devoting a substantial amount of their time responding to calls for advice from government, and have less time for the kind of publishable research that is part of the Department's main mission, as a result. Particular care must be taken to protect the research time of talented young faculty members who are in the sensitive early stages of their careers.

This, then, is my vision: A Department that has a reputation in the economics profession as a good research environment, with a faculty that combines work on theoretical and empirical methodology with strength in selected applied fields; whose students are well trained, whether for work as practicing economists or for graduate studies at other universities; that attracts students and visiting faculty from all over the world; and that works with the government to provide answers to local policy problems. I look forward to working with the Department's faculty and staff to move closer towards realizing this vision over the next several years.

YET ANOTHER FRUITFUL EEP CONTRIBUTION

Under the auspices of the Singapore Cooperation Programme Training Awards, the Department's Economics Executive Programme (EEP) organized a five-day executive workshop on "Top Management Programme for the Promotion of Foreign Direct Investments" from 4 to 8 March 2002.

This workshop was organized in collaboration with the Ministry of Foreign Affairs, Singapore. The invited participants are high-ranking directors and officers from ministries and investment boards of fourteen different countries worldwide.

The objective of the programme was to cover issues related to foreign direct investment and economic growth; the topics ranged from technology transfers and spillovers from multinational corporations, impact of multinational corporations on labour markets, export-promotion and foreign direct investment, to policies to enhance the competitiveness of the domestic economy. In addition, the programme also focused on the issues related to the impact of foreign direct investment on Asian and South-East Asian countries.

All sessions were interactive and participatory, involving discussions, group work, presentations and lectures conducted by experienced faculty members from the Department with expertise in regional economies.



Participants and Course Coordinators of the EEP Workshop held from 4 to 8 March 2002

EEP: AN INTEGRAL PART OF THE DEPARTMENT

The Economic Executive Programme (EEP) started in 1992. Formerly known as the Economic Management Series for Executives (EMSE), the EEP is the Executive Wing in the Department of Economics. There is a general perception however, that workshops and programmes run by any executive programme tends to divert critical staff resources and time which could have otherwise been spent in research work. This is not so for our Department's EEP as the topics and materials used for EEP are application of fundamental economic principles, and are directly related to the staff's research interests. Furthermore, the EEP often receives requests for re-runs of courses.

There are a number of good reasons why a successful EEP compliments the Department's reputation. They include:

1. The EEP is generally well-received by the Public Sector and Statutory Boards. Our biggest clients, incidentally, are the Prime Minister's Office (PMO) and the Ministry of Foreign Affairs (MFA). The MFA is the primary facilitator of delegates from signatory countries of the Singapore Economic Programme. This Agreement was signed by Prime Minister Goh Chok Tong and Third World Countries to assist in the development and training needs of these countries. Here, the Department is playing a visible, important, and relevant role through the EEP for the public sector.

2. From time to time, the Department organized public workshops to address topical issues that concern many Singaporeans. For example, workshops on "Singapore in the New Millennium: Problems, Prospects and Challenges - Viewpoints from Economists" and "Wither Singapore and the Regional Economies after September 11?" were organized in April 2002 and Nov 2001 respectively. The Department views these workshops as important because it shows the relevance of the Department to the general public where issues concerning the public and of public interest are discussed. However, the above workshops are only conducted once or twice a year at most.

3. Contrary to general perception, the EEP does not involve all staff members at any one time. It may involve outsiders (industry partners and government servants) in the programme. The EEP also allow us to tap the rich and diverse expertise of visiting professors who are passing through Singapore on other matters, in addition to giving academic seminars.

4. The EEP is also a source of enhancing research funds which gives us the flexibility in meeting contingency situations, for example, providing tuition waivers to deserving but poor graduate students yearly, and paying for very short term and sudden visits by professors who happen to be in physical proximity to Singapore. For example, the

continued on page 4

recent visit by Professor Myrna Wooders from the University of Warwick who happened to be visiting Hong Kong at that time is a case in point. Professor Wooders is also the Co-Editor of the *Journal of Public Economic Theory* and the Editor of the *Economic Bulletin*. Her short notice visit was made possible by using funds generated from EEP. The EEP funds allowed the Department the flexibility to respond to situations, like the one mentioned above, which would otherwise been not possible had the normal procedure of fund application been followed.

5. The funds from the EEP are also used to help staff members to go on Conference workshops over and above the allocated quota. In short, the availability of extra funds gives opportunities for staff members as well as deserving graduate students to present papers at overseas conferences.

6. In addition, the EEP generated funds are used to purchase software and data requirements necessary for research work. The Department makes use of the EEP funds to help support the subscription fees as the Central Library has difficulty in maintaining financial support in this area. Additional equipment such as computing facilities and printers for our expanding graduate student population can be bought. Activities related to graduate welfare (get-together sessions) can also be fostered.

7. Networking is another objective of the EEP as it assists to meet the Department's needs, such as, sourcing

for scholarship funding and external reviewers and external examiners. It helps to raise the Department's profile and assists in identifying potentially good students for the Department's graduate programmes. Networking also affords the opportunity for useful information exchange, such as, the relevance of the economics curriculum for the workforce and hence matches our students to the job market. Interactions with outside institutions would help to maintain the track record of the EEP as the programmes are often appraised before these institutions would engage the EEP's expertise. It is through the EEP that valuable contacts are established and ideas exchanged. All these add values to the overall programmes run by the Department.

8. The EEP has collaborated with many reputable overseas-based institutions and organizations such as United Nations, World Bank, National Bureau of Economics Review (NBER) USA, Japan International Cooperation Agency (JICA) Japan, International Development Research Centre (IDRC) Canada, and the Hans-Seidel Foundation (Germany). Not only have these institutions benefited from the academic expertise provided by EEP; but staff who consulted for these organizations have greatly gained from the exposure to real life and applied economics.

In sum, the EEP had and should continue to play an important complimentary role to the Department's academic activities.

ESU FORECASTS AT THE ISEAS REGIONAL OUTLOOK FORUM

The Econometric Studies Unit (ESU), the forecasting arm of the Department of Economics, was invited for a second year running to present macroeconomic forecasts for the Singapore economy at the annual Regional Outlook Forum organized by the Institute of Southeast Asian Studies (ISEAS) on 8 Jan 2002. Addressing a large audience that consisted of diplomats, policymakers and the general public, distinguished speakers from the region analyzed the emerging political and economic scenarios in Southeast Asian countries. Associate Professor Tilak Abeysinghe and Dr Choy Keen Meng then took their turn to announce the ESU's latest economic projections for Singapore.

Before that, Associate Professor Tilak Abeysinghe presented his empirical study on Singapore's tourism industry – a key pillar of the service sector. The study assessed the impact of foreign incomes, relative costs and visitor arrivals to Indonesia, Malaysia and Thailand on the number of tourists hosted by Singapore over the past twenty years. It found that visitor expenditures and visitor days are highly income elastic and also sensitive to relative living costs. Interestingly, Singapore has benefited from a "neighbourhood effect"

which suggested that seven out of ten tourists who visited the three ASEAN countries also visited Singapore. This finding highlights the importance of regional cooperation on the formulation of tourism promotion strategies.

The economic forecasts made by the ESU team covered not only the usual predictions of economic growth and inflation but a detailed analysis of labour market trends as well. The forecasters expected a modest recovery for Singapore in 2002, especially during the second half of the year. Although projected GDP growth varied widely depending on external economic circumstances, the statistical confidence interval estimated by the ESU ruled out another recession this year. Indeed, the ESU reckoned that the Singapore economy would most likely grow by about 3.8% in 2002 and 7.7% in 2003. Echoing these sentiments, Graham Hayward, the Executive Director of the Singapore International Chamber of Commerce, expressed his view that there were grounds for an even more optimistic outcome. The ESU paper was subsequently published in the February issue of the Chamber's journal, the *Economic Bulletin*.

NUS-UNIVERSITY OF NOTTINGHAM JOINT WORKSHOP ON CURRENT ECONOMIC POLICY ISSUES IN ASIA AND EUROPE

In April 12 and 13, 2002, the first joint workshop between the Department of Economics, National University of Singapore and the School of Economics of the University of Nottingham (UK) was held in Singapore. The theme of the workshop was “Current Economic Policy Issues in Asia

and Europe”. There were 18 papers presented, both theoretical and empirical in nature. Ranges of topics from the management of macroeconomic policies such as the monetary and fiscal policy, challenges facing the labor market, education, energy, environment, income distribution and performances of manufacturing industries were discussed from the perspectives of the Asian and the European countries.



Professor Chris Milner of the University of Nottingham presenting his paper at the Joint Workshop

The combination of well-prepared papers and active discussions during each session contributed to the overall success of the workshop. Furthermore, the relatively close and intensive workshop has heightened friendships among faculty members of the universities. To keep the momentum of the exchanges between the two economics departments, plans are being drawn for the final output of this workshop and the future joint workshops/cooperation. Highlighting further the closer interactions at the individual level, one of our faculties will be traveling to the School of Economics of the Nottingham University to present his research works in the near coming months. The plan was initiated during the April workshop.

NEW MODULES

The Department has offered the following new modules in the coming academic year:

EC6210 Mathematical Economics

Pre-requisite: EC3221 Mathematical Economics 1

This course covers a number of advanced mathematical techniques that are frequently used for solving dynamic optimisation problems in Economics. Topics include calculus of variations, dynamic programming and optimal control theory. The emphasis will be placed on both mathematics and applications in economics.

EC6575 World Stock Markets and Futures Markets: Anomalies and Behavioural Finance

Pre-requisite: EC5274 or equivalent

This course studies the performance in world stock markets by using different approaches such as fundamental analysis, technical analysis, stock market and futures market imperfections and investors' behaviour, stock market and futures market information and events, etc. This course also

studies the various models for returns as well as the viewpoints from theoreticians and practitioners in stock markets and futures markets analyses. During the course, certain traditional approaches to analyse stock market and futures market will be introduced. Students are required to read widely the literature and the current issues and research in order to have a better understanding world stock market and futures market studies.

EC5221/ EC6221 Regional Trade Liberalisation - Theoretical Approaches

Pre-requisite: EC3151 Microeconomic Analysis II or equivalent EC3205 International Economics or equivalent
The emphasis of this module is on theory. It is a synthesis of the larger body of the theoretical literature on the subject. Main topics include traditional welfare analysis of regional trade liberalization, customs union and free trade areas, exogenous division of the world into blocs, endogenous decisions to form regional blocs, regionalism and multilateralism and empirical assessments of welfare effects.

“MINOR IN ECONOMICS” PROGRAMME

Students of other faculties will be able to add economics to their curriculum from July 2002 with the implementation of “Minor in economics” programme. An Economics Minor is a programme of 6 modules, each with 4 modular credits. Three of the six modules are essential and three are electives. The essential modules (EC1101E Introduction of Economic Analysis/EC1310 Principles of Economics, EC2151 Microeconomic Analysis I, and EC2152 Macroeconomic Analysis I) will provide the student with the basic economic theory/principles essential for proficiency in the field of economics. In the three electives, the student will be able to focus on particular areas of

economics (for example, Finance, International economics, Public policy, and so on) that are of special interest to him/her for greater in-depth study. Given the range of electives available (drawn from 3000 level modules), a program of study can be designed that best complements the student’s major curriculum and career objectives. These elective modules offer training in the analysis of specific economic problems for rigorous evaluation of economic and public policies. It is expected that students taking economics minor will be equipped with necessary skills for the understanding of economic policies and events in their professional as well as day-to-day lives.

STAFF SEMINARS

The Department organizes staff seminars on a weekly basis with the objective of providing an opportunity for staff as well as visiting economist to discuss their latest on-going research. Topics range from pure theoretical to applied economics. The details of papers presented from January to June 2002 are provided below:

Presenter	Topic	Date
Professor Joseph K. W. Fung Hong Kong Baptist University	Onscreen Trading of Stocks and the Pricing Efficiency of Index Futures	10 Jan 02
Professor Myrna Wooders University of Warwick, UK	Tax Competition Reconsidered	29 Jan 02
Professor Philip Hans Franses University of Rotterdam	Testing Common Deterministic Seasonality, with an application to industrial	7 Feb 02
Dr Marco Haan University of Groningen The Netherlands	The Weakest Link: A field experiment in rational decision making	14 Feb 02
Dr Loic Sadoulet ECARES Free University of Brussels	Learning from Visa®? Incorporating Insurance Provisions in Microfinance Contracts	21 Feb 02
Professor Murray C. Kemp AGSM (Australian Graduate School of Management) and University of New South Wales	Economic Theory: Past and Future	26 Feb 02
Assoc Professor Yuming Fu, Dept of Real Estate School of Design & Environment National University of Singapore	Transitions to Private Employment: Earnings Determination, Worker Employment Preferences, and Job Turnover in Urban China	28 Feb 02

Dr M.Shahid Ebrahim Dept of Real Estate School Design & Environment National University of Singapore	Multinational Corporate Financing and Foreign Exchange Parity Relations	21 Mar 02
Professor Brian Dollery School of Economics University of New England, Australia	Local Government Failure	26 Mar 02
Professor Robert Z. Aliber Graduate School of Business University of Chicago	“Asset Price Bubbles And The U.S. Trade Deficit”	26 Mar 02
Assoc Prof Atsushi Kajii University of Tsukuba	Bayesian Games with Multiple Priors	27 Mar 02
Professor Yasukichi Yasuba Faculty of Economics Osaka Gakuin University	Borrowed Technology and Total Factor Productivity in East Asia: A Critique of Krugman, Young and Iiyami-Ogasawara	1 Apr 02
Assoc Prof Songnian Chen The Hong Kong University of Science and Technology	Distribution-free Estimation of the Box-Cox Regression Model with Censoring	2 Apr 02
Assoc Prof John Wooders University of Arizona	Experienced Bidders in Online Second-Price Auctions	4 Apr 02
Assoc Prof Wong Wing Keung Dept of Economics National University of Singapore	On Two-Moment Decision Models and Expected Utility Maximization	9 Apr 02
Dr J.Wickramanayake Monash University	The Determinants of Inward Foreign Portfolio Investment In Singapore 1972-1999	6 Jun 02
Professor Nripesh Podder The University of New South Wales	The Theory of the Multivariate Gini Regression and Applications	18 Jun 02

ECONOMIC POLICY FORUM (EPF)

The EPF hosts seminars on policy issues. Details of papers presented at the EPF in Semester II are as follows:

Presenter	Topic	Date
Dr Jung Hur Dept of Economics National University of Singapore	Entry Modes and Agreements on tariff and Local Content Requirements	19 Feb 02
Dr George Hui Dept of Economics National University of Singapore	A Quarter Century After: A Survey of Hong Kong as an International Financial Centre	19 Mar 02

CONFERENCES

Some of the overseas conferences that our staff participated from January to June 2002 are given below:

Staff Name	Conference Title	Title of Paper	Venue	Date
Assoc Prof Lu Ding	AEA/ASSA Annual Meeting	Impact of China's WTO Accession on the Southeast Asian Economies	Atlanta, USA	3 Jan – 6 Jan
Dr Lee Khang Min	Sixty Second Annual Meeting American Finance Association	-	Atlanta, USA	4 Jan – 6 Jan
Assoc Prof Hui Weng Tat	2002 Regional Outlook Forum (organized by Institute of Southeast Asian Studies)	-	Singapore	8 Jan
Assoc Prof Habibullah Khan	Symposium on E-Commerce and Tourism in the APEC Region	The Best practices on E-commerce Strategies for small and medium sized tourism enterprises in Singapore	Seoul, Korea	5 Feb – 6 Feb
Dr Chang Youngho	Second FES-SWP North-South Dialogue	-	Berlin, Germany	17 Feb- 19 Feb
Assoc Prof Tongzon, Jose	Community Currency Systems in Asia (organized by AMIC a charity registered organization)	Alternative Currency Systems in Asia: An Overview	Bangkok, Thailand	20 Feb - 22 Feb
Assoc Prof Chia Ngee Choon	Initiative for Policy Dialogue/Centre for Pension Studies Conference	Life Annuities of Compulsory Savings and Income Adequacy of the Elderly in Singapore	University of New South Wales, Sydney, Australia	4 Mar - 5 Mar
Dr Jung Hur	2002 Midwest Economic Theory and International Economics Meeting (organized by Mid-West International Economics Group)	Entry Modes and Agreements on Tariff and Local Content Requirements	Northwestern University, Evanston, IL USA	3 May - 5 May
Dr Sougata Poddar	New Economy in Development (organized by World Institute for Development Economics Research) The United Nations University in Finland	Software Piracy and its Global Impact	Helsinki, Finland	10 May - 11 May

Assoc Prof Tongzon Jose	The Vision and Strategy of Busan Port for Global City Busan (organized by Center for Intelligent and Integrated Port Management Systems International Maritime and Logistics Institute of Busan Metropolitan City)	The Port of Singapore Current and Future	Busan, South Korea	24 May - 25 May
Assoc Prof Zeng Jinli	DEGIT-VII: Dynamics, Economic Growth and International Trade (organized by Copenhagen Business School)	Growth, Unemployment and Inflation in the long run	Cologne, Germany	24 May – 25 May
Dr Emily Cremers	Dynamics, Economic Growth and International trade, DEGI HVII	Transfer, the Terms of Trade and Growth in a Two-sector OLG Model	University of Cologne Rhineland, Germany	24 May – 25 May
Dr Jung Hur	American Committee on Asian Economic Studies (ACAES)	An Endogenous Formation of Regional Trade Agreements in the WTO	Beijing, China	27 May- 29 May
Dr Kang Chang Hui	The 79 th International Conference of the Applied Econometrics Association (organized by the Department of Applied Economics and the Institute of Labour of the Free University of Brussels)	<ol style="list-style-type: none"> 1) Union Wage Effect from the Perspective of Matched Employer-Employee Data 2) Simultaneous Determination of Wage Rates and Tenure 	Brussels, Belgium	28 May – 29 May
Assoc Prof Xing Xiaolin	Pennsylvania Economic Association (PEA) 2002 Conference	The Growth of Multi-Channel Retailing Diminishes the Pricing Efficiency of the Web	Edinboro University USA	30 May – 1 June
Professor Basant Kapur	A Conference Honoring Professor Ronald McKinnon of Stanford University	Financial Liberation and Short-Run Housing Price Dynamics	Stanford University USA	1 June
Assoc Prof Tongzon, Jose	Institutional Change in Southeast Asia in the wake of Asian Crisis (Part 2) (organized by Stockholm School of Economics)	The Devastating Crisis, Singapore's Extra-ASEAN Free Trade Agreement and their Implications for Asean	Stockholm, Sweden	10 June – 11 June

Assoc Prof Peter Wilson	Institutional Change in Southeast Asia in the wake of Asian Crisis (Part 2) (organized by Stockholm School of Economics)	Prospects for An Asian Monetary Union After The Asian Financial Crisis – pipedream or possible reality	Stockholm, Sweden	10 June - 11 June
Dr Shin Jang-Sup	Institutional Change in Southeast Asia in the wake of Asian Crisis (Part 2) (organized by Stockholm School of Economics)	Institutional change, transaction cost and transition cost	Stockholm, Sweden	10 June - 11 June
Dr Pundarik Mukhopadhaya	Institutional Change in Southeast Asia in the wake of the Asian crisis (Part 2) (organized by Stockholm School of Economics)	Crisis Social Sector and Social sector in some Southeast Asian Countries	Stockholm, Sweden	10 June – 11 June
Assoc Prof Hank Lim	Institutional Change in Southeast Asian in the wake of Asian Crisis (organized by Stockholm School of Asian Studies and Stockholm School of Economics)	Labour Market in Knowledge-Based Economy;-“The Case of Singapore”	Stockholm, Sweden	10 June – 11 June
Assoc Prof Tsui Ka Cheng, Albert	2002 Regional Population Conference on ‘Southeast Asia’s Population in A Changing Asia Context’	Probabilistic Forecasting of Mortality in Singapore	Bangkok, Thailand	10 June – 13 June
Dr Chung Wankyo	16 th Annual Conference European Society for Population Economics	Layoffs and Wages	Bilbao, Spain	13 June – 15 June
Dr Cheolsung Park	Annual Conference of European Society for Population Economics	Is extended family in low income countries altruistically linked? Evidences from Bangladesh	Bilbao, Spain	13 June – 15 June
Dr Chang Youngho	7 th Pacific Regional Science Conference Organisation Summer Institute (organized by Indonesian Regional Science Association)	Economic Growth and the Environmental Quality	Bali, Indonesia	20 June – 21 June

Assoc Prof Habibullah Khan	33 rd Annual Conference of Travel & Tourism Research Association	International Trade and Tourism: Evidence from Cointegration and Casualty Tests by using Singapore data	Arlington Virginia, USA	23 June – 26 June
Dr Sougata Poddar	NUS – Melbourne Joint Symposium	-	Melbourne, Australia	24 June – 25 June
Assoc Prof Wong Wing Keung	NUS – Melbourne Joint Symposium	“On the Estimation of the Cost of Capital and its Reliability	Melbourne, Australia	24 June- 25 June
Dr Yohanes Eko Riyanto	NUS – Melbourne Joint Symposium	“On the Strategic use of Corporate venture financing for securing demand”	Melbourne, Australia	24 June – 25 June
Dr Uday Bhanu Sinha	NUS-Melbourne Joint Symposium	Does the Structure of Debt affect the output and Investment Strategies of the Firm	Melbourne, Australia	24 June – 25 June
Dr Shandre Mugan Thangavelu	NUS - Melbourne Joint Symposium	-	Melbourne, Australia	24 June – 25 June
Dr Chang Youngho	-	Oil Price Fluctuations and the Chinese Economy	Nottingham, UK	25 June – 25 June
Dr Chang Youngho	25 th Annual IAEE International Conference (organized by the University of Aberdeen)	Oil Price Fluctuations and Chinese Economy	Aberdeen Scotland	26 June – 29 June
Assoc Prof Wong Wing Keung	European Financial Management Association 2002 Annual Meeting	Can Mean-Variance Criteria the used to replace Stochastic Dominance Theory	London	26 June – 29 June

A SNAP VISITORS TO THE D

Associate Professor Somchai Ratanakomut, Faculty of Economics, Chulalongkorn University, Thailand

Associate Professor Somchai Ratanakomut from the Faculty of Economics at Chulalongkorn University, Thailand, led a delegation of faculty members and Thai graduate students to our Department on 22nd January 2002. The Chairman of the Department's Graduate Programme Committee, Dr Shandre Thangavelu, together with members of the Committee played host to the Thai visitors and briefed them on the graduate programmes offered by the Department. During the one hour meeting session, faculty members and students from both sides made enthusiastic queries, shared experiences and exchanged views on matters related to the teaching, course content and student enrolment of the respective graduate programmes offered by the two universities. The two departments plan to establish educational exchanges in the near future.



Assoc Prof Somchai Ratanakomut signing the Department's visitor book



On the left is Prof Murray Kemp with Assoc Prof Euston Quah

Professor Chilvers Murray Kemp, Australian Graduate School of Management, University of New South Wales

On 26th February 2002 Professor Chilvers Murray Kemp of the Australian Graduate School of Management, University of New South Wales, presented a Seminar on 'Economic Theory: Past and Future' at the Department. He has served as President of the International Economics and Finance Society, and Associate Editor of the International Economic Review, the Journal of International Economics and the Bulletin of Economic Research. In 1987 he won the Humboldt Foundation Prize.

Mr Michael Johansson, Director, International Programs, University of Mississippi

Mr Michael Johansson of the University of Mississippi visited the department on 30th April 2002. He expressed interests in educational exchanges and collaborations with our Department and also encouraged our students to take up advanced degrees at the University of Mississippi which was established in 1848.



On the left is Assoc Prof Euston Quah with Mr Michael Johansson

SHOT – DEPARTMENT

Mr Tomikazu Inagaki, Director, Colombo Plan Secretariat

Mr Tomikazu Inagaki visited our Department on 10th May 2002. He expressed interests to have further collaborations with the Department's Economic Executive Programme and requested for a re-run of the very successful course on 'Economic Development Experience of Singapore' which was conducted in November 2001.



The Honorable HE U Hla Thann is on the extreme left. Next to him is his Second Secretary, Mr Tin Maung Naing

The Honorable HE U Hla Thann, Ambassador, Embassy of the Union of Myanmar

The Honorable HE U Hla Thann, Ambassador, Embassy of the Union of Myanmar, paid a visit to our Department on 15th May 2002. The objective of the visit was to meet with Assoc Prof Chia Ngee Choon and Dr Shandre Thangavelu to discuss the experience of monetary policy implementation in Singapore, and to understand the limitations and challenges in monetary policy in developing countries, particularly in Myanmar.



Prof Lino Briguglio is seated on the right of Assoc Prof Euston Quah.

Professor Lino Briguglio, Head of Economics Department, University of Malta

Professor Lino Briguglio, Head of the Economics Department at the University of Malta, Director of the Island and Small States Institute of the Foundation for International Studies, and Director of the University Centre on the Island of Gozo, made a courtesy visit on 11 January 2002. He was briefed on the Department's research priorities, postgraduate programmes undergraduate curriculum, and the structure of the University.

Professor Yasukichi Yasubai, Faculty of Economics, Osaka Gakuin University

Professor Yasukichi Yasubai, former Dean and Professor of Economics at the Faculty of Economics, Osaka Gakuin University, presented a Seminar on "Borrowed Technology and Total Factor Productivity in East Asia: A Critique of Krugman, Young and Iiyami-Ogasawara" on 1 April 2002. He also had a discussion with Assoc Prof Euston Quah, Acting Head, and Dr Shandre Thangavelu, on the curriculum structure and possible areas of joint research collaboration with the Department.



Prof Yasukichi Yasubai is seated on the right of Assoc Prof Euston Quah. Standing behind is Dr Shandre Thangavelu

STAFF PUBLICATIONS

MAJOR ISSUES AND CHALLENGES IN FISCAL RESTRUCTURING IN ASIA

by Chia Ngee Choon

Bulletin for International Fiscal Documentation, Vol 58, No 4, International Bureau of Fiscal Documentation, The Netherlands

As Asia becomes more integrated into the world economy, the trade-offs between the benefits of integration and the costs of surrendering fiscal autonomy become important considerations for tax policy and tax administration. Fiscal restructuring refers to the need to re-examine the revenue-raising capacity of a country and its spending needs and to make the necessary changes. The article examines the major issues and challenges facing policymakers in Asia as they restructure their fiscal systems in response to external changes and their domestic fiscal needs.

MOTOR VEHICLE TAXES AS AN ENVIRONMENTAL MANAGEMENT INSTRUMENT: THE CASE OF SINGAPORE

by Chia Ngee Choon and S Y Phang, *Singapore Management University*

Environmental Economics and Policy Studies (forthcoming)

Being small geographically, land scarcity poses a potential constraint for economic growth in Singapore. Restraining car ownership and car use through motor vehicle taxes is part of the land-transport policy to ensure smoother traffic flow. This paper analyses the use of motor vehicle taxes in Singapore as an environmental management instrument. It evaluates the effectiveness of ownership and use taxes as instrument to internalize congestion and environment externality. Economic issues relating to the use of such taxes are also highlighted. It concludes that motor vehicle taxes offer Singapore a double dividend.

OWNERSHIP AND USE TAXES AS CONGESTION CORRECTING INSTRUMENTS

by Chia Ngee Choon, A Tsui and J Whalley, *University of Western Ontario and University of Warwick*

NBER Working Paper No 8278, National Bureau of Economic Research, May 2001

In countries, such as Singapore, that have implemented vehicle congestion correcting instruments, recent years have seen a policy shift towards motor vehicle taxes based on car use. Ownership taxes reduce the number of cars on the

road, leaving the price per trip largely unaffected. Use taxes such as fuel taxes and road use charges decrease the price of trips without necessarily penalising vehicle ownership per se. This paper presents a simple general equilibrium model involving trips from residential areas to a central business district, with modal choice between cars and public transit. Car trips involve fixed costs but have lower variable costs per trip (including convenience). Using a calibrated numerical model, we investigate the relative merits of ownership and use taxes. We compare full internalisation of congestion externalities to optimal tax outcomes for the different tax types. In our framework, use taxes restore Pareto optimality since congestion damage rises with more trips. Ownership taxes only partially internalise congestion externalities. However, in terms of revenue-raising ability, ownership taxes are preferred as the marginal excess burdens in the neighbourhood of optimal taxes are typically lower than use taxes; since marginal increases in ownership tax rates tax away part of the surplus accruing to consumers who still choose to travel by car, and thus have less distortion at the margin.

THE EFFECTS OF REGIONAL FREE TRADE AGREEMENT ON INDUSTRIAL STRUCTURE: AN EXTENSION OF KRUGMAN'S ECONOMIC GEOGRAPHY MODEL (1991)

by Hur Jung

Journal of Economic Integration, March 2003 (forthcoming)

Extending Krugman's (1991) economic geography model, this paper examines the stability of an industrial structure resulting from the production shifting-in effect of the formation of regional trade agreements. This paper claims that non-higher external trade costs against non-member countries may be needed in order to secure the divergence of industries into the area of a regional trade agreement.

ARE CHILDREN REPAYING PARENTAL LOANS? EVIDENCE FROM USING MATCHED CHILD-PARENT PAIRS

by Park Cheolsung

Journal of Population Economics (forthcoming)

This paper tests whether interhousehold transfers from children to parents in developing countries are motivated by altruism or intended to be repayments of implicit parental loans taken up by children for human capital investment.

continued on page 15

For the test, a sample of child-parent pairs is constructed by matching the original (parent) and the split-off (child) household information from the Second Malaysian Family Life Survey. The findings of the paper do not support that child-to-parent transfers are entirely altruistic or that they are entirely intended to be repayments of parental loans. For individuals of post-secondary education, we find evidence that money transfers to the parents are mixture of altruistic transfers and repayments.

THE TREND OF WELFARE DISPARITY AMONG SUBGROUPS OF POPULATION IN AUSTRALIA 1983-84 – 1993-94

by Pundarik Mukhopadhaya

Applied Economics (Forthcoming). Published from UK by Taylor and Francis/Routledge

The aim of this paper is to estimate the trend of social welfare for Australia using 1983-84, 1988-89 and 1993-94 Household Expenditure Survey data. The functional form of the Social Welfare Function (SWF) was derived by Sen, Degum, Yitzhaki and Shesinski (all independently). Since the function contains the Gini coefficient as the inequality parameter, it could not be formally disaggregated by subgroups of population. This paper, using a method of subgroup decomposition of the Gini coefficient developed by Podder, attempts to disaggregate the SWF. With this method it is now possible to identify disadvantaged groups by their relative shares in total welfare. In addition the method is used to determine effect of economic growth on specific subgroups, and in turn, on total social welfare. This study is based on the Australian economy. We identify distribution of relative shares of total social welfare among various regional groups, groups determined by occupational status and groups determined by country of birth. The effect on society's welfare for a percentage change in income of a group and the trend of relative welfare of a specific group are also computed. This information can be used in a variety of social decision making situations, including cost benefit analysis.

EFFICIENCY CRITERIA AND THE SEN-TYPE SOCIAL WELFARE FUNCTION

by Pundarik Mukhopadhaya

Indian Economic Journal (forthcoming). Published by Indian Economic Association

The Sen Social Welfare Function, widely used in the literature has its bias towards efficiency as compared to equity. This paper has shown the concept of Pareto efficiency

in this context and provided an alternative form of Social Welfare function which can be non-Paretian in special cases.

LICENSING, IMITATION AND SUBSIDIARY UNDER GOVERNMENT POLICY UNCERTAINTY

By Uday Bhanu Sinha

Keio Economic Studies (forthcoming). Published by Keio Economic Society, Keio University, Japan

This paper considers an infinite period model to analyse the impact of future liberalisation policy on the quality of international technology transfer by a Multinational Corporation (MNC). The domestic government policy, either protection or liberalisation, is uncertain. It shows a non-monotonic relationship between the quality of the technology transferred and the belief about the future liberalisation policy under certain parameter configurations. The imitation of foreign technology by a host firm is treated as a choice variable and is shown to occur in equilibrium. As a result, it is found that the MNC and the host firm may compete with the same technology in the domestic market. This approach thus provides an endogenous theory of evolution of market structure.

CHARITABLE GIVING BY INDIVIDUALS: AN EMPIRICAL PERSPECTIVE

by Vincent C. H. Chua, Singapore Management University and Chung Ming Wong

In Altruistic Reveries: Perspectives from the Humanities and Social Sciences. Edited by Basant K. Kapur and Kim-Chong Chong. Dordrecht, The Netherlands, Kluwer Academic Publishers, 2002. Pp. 123-140.

Economists have long been aware of the diversity of motives underlying charitable giving by individuals. Despite this, most economists have studied altruism as an issue involving interdependent utilities and have been preoccupied with determining the degree of pervasiveness of the free-rider problem and finding ways to mitigate its effect. Can the private voluntary contribution system be improved or redesigned to improve the funding for the less fortunate? Is there a need for a more active role by the government? To satisfactorily address these and related issues, there is need for an understanding of the factors that determine the level of charitable giving. Towards this end, this paper scrutinizes the available empirical literature straddling a number of countries, including Singapore, with a view to providing some directions for policy makers. The issues discussed include the price of giving and tax policies to encourage giving, the cost of fund raising and its implications for the

GRADUATE PROGRAMME

As in the previous intakes, there is an overwhelming demand for the Department's graduate programme reflected by the large number of applications received globally for the 2002/2003 academic year (July intake). In addition to receiving nearly 300 applications for the January 2002 intake, the department received nearly 390 applications for the July 2002 intake. In particular, there were nearly 90 applications for the PhD programme and 300 applications for the Masters programme. Based on the high academic criteria set by the department, the Graduate Committee admitted only 13 percent of candidates applied for the PhD programme, 5 percent of the candidates applied for the M.Soc.Sci. (Research) programme and less than 43 percent of the candidates applied for the coursework programme (see Figure below).

FIGURE 1: ENROLMENT FIGURES FOR THE GRADUATE PROGRAMME

Courses	1999/2000	2000/2001	2001/2002* (July 2001 Intake)	2001/2002* (Jan 2002 Intake)	2002/2003* (July 2002 Intake)
M. Soc. Sci. (Econs)	33	15	58	18	35
M. Soc. Sci. (Applied Econs)	37	26	43	32	28
M.Soc.Sci. (By Research)	10	5	15	6	8
PhD	3	3	20	19	11

The quality of the graduate programme is not only reflected by the number of graduate students attending and presenting papers in international conferences and the number of joint research papers and publications, but also by the placement

of our students in major consulting firms and research institutes. In this respect, the department could like to congratulate Mr. Rahul Sen, the PhD candidate, for his appointment as a Research Associate at the Institute of South-East Asian Studies.

continued from page 15

organization of fund-raising activities, the sensitivity of donations to changing income levels and the possible strategic interactions between private voluntary giving and public sector spending. It is also noted that changing the social mindset to encourage giving may be an important consideration in the long run.

THE LENS CONDITION WITH TWO FACTORS

by *Siu-kee Wong and Kwan Koo Yun*

Review of International Economics (forthcoming. Published by Blackwell)

We give a simple, constructive proof that the lens condition implies the factor-price equalization when there are only two factors. Taking stock of the conditions under which the lens conditions is equivalent to the factor price equalization condition, we have the conditions of two factors or two goods or two countries or the condition that the rank of the factor-use matrix is equal to the number of goods. We show that in an essential sense, there are no other such conditions.

As in the past years, the department has been successful in placing our top graduate students in major North American Universities to pursue their PhD. The department would like to congratulate the following three candidates for completing their M.Soc.Sci. (Economics) programme and in securing a place to pursue their PhD programme.

FIGURE 2: SAMPLE OF A FEW RECENT GRADUATES PURSUING PHD ABROAD

	NAME	PROGAMME COMPLETED	PHD PROGAMME
1.	GAO HU	M.Soc.Sci. (Research)	University of Chicago, U.S.
2.	GOO SI WEI	M.Soc.Sci. (Economics)	University of Ottawa, Canada
3.	AAMIR RAFIQUE HASHMI	M.Soc.Sci. (Economics)	University of Toronto, Canada

RECRUITMENT TRIP FOR GRADUATE STUDENTS: THAILAND

Assoc Prof Euston Quah, Acting Head, and Dr Lim Boon Tiong, Departmental Manager, made a trip to Thailand for recruiting graduate students in March 2002.

The first stop was at Chulalongkorn University. They met with Dean Suthiphand Chirathirat and his colleagues, Assoc Prof Chuta Manusphaibool, Assoc Prof Bangorn Tubtimtong and Assoc Prof Paitoon Wiboonchutikula of the Faculty of Economics. Discussion was centered on the promotion of the Department's graduate programme, and in particular, on how NUS could play a role in training their junior faculty members. The Dean expressed interest in inviting a few of our colleagues to give specialized seminars (areas of their research) to faculty and students at Chulalongkorn University. This will normally take place during May to end July each year. Chulalongkorn has 7 Masters and the PhD programmes. Their faculty graduate counselor, Assoc Prof Bangorn Tubtimtong, had agreed to further recommend our graduate programme to their promising final year undergraduates. They are also very interested in hosting joint academic and professional workshops in Bangkok. Mr Bundit Chaivichayachat, a PhD candidate, will be visiting the Department to study the work of the ESU for two months.

Assoc Prof Euston Quah and Dr Lim Boon Tiong then visited Thammasat University. They met with Dean Sukanya Nitungkorn and her colleagues, Dr Pichit Likitkijjombon, Dr Prakarn Arphasil and Prof Somsak Tambunlertchai of the Faculty of Economics. They discussed similar items as that of Chulalongkorn's. Unlike



Dinner hosted by Assoc Prof Paitoon Wiboonchutikula (extreme left) and Assoc Prof Bangorn Tubtimtong (first from right) during Assoc Prof Euston Quah's (extreme right) visit to Chulalongkorn University. On the left is Mr Bundit Chaivichayachat, a PhD candidate.

Chulalongkorn University's programme, however, Thammasat has a well established graduate programme since 1980 and it is conducted in English. The undergraduate programme is in both Thai and English with the latter having visiting professors as well as local faculty teaching in them. The Dean was very much interested in fostering greater joint research and workshop activities with NUS. In this regard, she is hoping to send graduate students to NUS for exchange credits in courses taken at NUS. Arising from the visit, there will be two first-class students enrolling in the Department's graduate programme.

During the trip to Bangkok, Assoc Prof Euston Quah and Dr Lim Boon Tiong also had the opportunity to meet two very influential people, namely, Khunying Suthawan Sathirathai and Professor Prasit Kovilaikool. Khunying (Lady) Suthawan, the wife to the Minister of Foreign Affairs, Dr Surakiat, is also the founder of the newly setup Institute of Good Governance. They discussed the possibility of her inviting our faculty to speak at her Institute as well as to participate in future conferences. Professor Prasit Kovilaikool is presently the President of Huachiew Chalermprakiat University. A private University of more than 10 years old and enrolling about 7000 students is noted for its academic disciplines of social work (only two universities in Thailand offer this) and medical technology, in addition to its eight other faculties. Professor Prasit expressed an interest to visit NUS and NTU in the near future.



A group of prospective postgraduate students at Thammasat University attended the talk given by Assoc Prof Euston Quah

Obituary: Professor Heinz Arndt
by
Emeritus Professor Lim Chong Yah
Department of Economics and Statistics
Faculty of Arts and Social Sciences
National University of Singapore

Professor Murray Kemp, a very distinguished Professor of International Trade from the University of New South Wales and who until recently was our Albert Winsemius Professor of Economics at NTU sent me an article on *Churchill and Keynes* written by Professor Heinz Arndt. I read the article on the day following my return from Mauritius after completing an assignment there as Consultant. When I returned to my office the next day, I was, by coincidence, informed that Professor Heinz Arndt has passed away. That was sad news and very unexpected.

My e-mail, which was not opened when I was in Mauritius, had two letters on Professor Heinz Arndt. One from Professor Murray Kemp and the other from Professor Warren Hogan. The latter is the current External Examiner in Economics at NTU. Both let me know of his untimely death. Heinz Arndt was driving a car in Canberra, in the ANU campus, with which I am still very familiar. The car skidded and knocked against a tree and he died, at age 87. The probability that he died from an unexpected heart attack was very high.

Heinz was an External Examiner in Economics at the then University of Singapore. Nay, he probably was the last External Examiner in Economics jointly appointed by the University of Malaya in Singapore and the University of Malaya in Kuala Lumpur. I came to know him personally when I was the Head of the Division of Applied Economics there, and when I returned to Singapore and later became the Dean of the Faculty of Arts and Social Sciences, he was also invited to remain as the External Examiner. He later, as Head of the Department of Economics at the School of Pacific Studies at ANU, together with the very eminent



The late Prof Heinz Arndt

Director of the School, Professor Wang Gungwu, invited me to a Visiting Professorship at ANU. It was during this visitorship that I came to know a large number of Australian academic economists.

Among the economics students in Kuala Lumpur examined by Heinz Arndt was Rex Toh. Heinz agreed that Rex should be given a First. Rex later was given a university scholarship by the University of Singapore to do a Ph.D at the University of Minnesota in transportation economics. He later migrated from Singapore to the USA. Currently he is probably the best paid Professor at the University of Washington at Seattle. Heinz Arndt also confirmed that Mohamed Ariff too should be given a First. Ariff later

continued on page 19

became a full Professor at the University of Malaya. He has continued to play a very important role in economic policy discussion in Malaysia.

On the Singapore side, I can remember vividly his enthusiastic confirmation that Basant Kapur deserved a clear First. Basant later went to Stanford for his Ph.D. He has become a full Professor of Economics at the Department.

I like Heinz Arndt best when he wrote on Money and Banking Policy, though his specialization was in Development Economics. He was preoccupied with Indonesia, and the problems of economic development there. However, his overall interest in Australian and Asian economic development was there and abiding. His enthusiasm in economic studies in general was intense and he encouraged younger Australians to take an interest in Asian economic development. That was why quite a number of Australian Professors from the Department of Economics at ANU visited the Department as Visiting Professors. They included Professor Max Corden and Professor Peter Lloyd.

As Heinz Arndt's primary interest in Economics was in Development Economics, he placed priority on the increase in the wealth of nations, particularly for poor nations. He thus greatly admired Singapore's economic achievements, particularly in improving most impressively the livelihood of Singaporeans. He liked to call on Dr Goh Keng Swee

whenever he was in Singapore. When he did not have the opportunity, he would ask me about Dr Goh. In that sense, he was like Peter Bauer; Professor Bauer was the External Examiner in Economics at NUS after Professor Heinz Arndt.

Heinz learned some Chinese and at times in private spoke to me in it. His dear late wife Ruth was in the Australian Foreign Service and that might have added to his interest in the Chinese language. He knew enough Malay to be comfortable in Malay-speaking company. At times he greeted me in Malay.

When Heinz Arndt retired from ANU, he continued to write; to do research and to publish. He was also responsible for making *Asian-Pacific Economic Literature* one of the most respectable academic publications in the Asia-Pacific Region. I find in him the meeting of East and West. He was one who was faithful and helpful to his friends. He campaigned for his old colleague at Manchester University, Arthur Lewis, to receive a Nobel Prize. Arthur Lewis was also an External Examiner in Economics, when the University was first called the University of Malaya. Heinz's death is a great loss to me and to the Department of Economics. I hope that the photograph we put up in the Department in his honour as our External Examiner for several terms will remain there as a remembrance of the man and a tribute to him as a distinguished economist, scholar, External Examiner and as friend.

NATIONAL

ECONOMICS QUIZ

The National Economic and Financial Management Quiz (NEFMQ) 2002 finals will be held on 2nd August 2002 on the campus of the Singapore Polytechnic Institute. The theme of this year's quiz is, The Dark Ages: Wars and Recessions. Organized by the Department's student organization, the Economics and Statistics

Society, the quiz drew participation of students from 15 junior colleges. Eight junior colleges have qualified for the semi-finals to be held at NUS in July, four of whom will advance to the finals. NEFMQ 2002 is sponsored by the Singapore Government Investment Corporation.

LESSONS GAINED FROM THE STUDENT EXCHANGE PROGRAMME (SEP)

'September, Education, People' - April Chia Li-Ee

'September, Education, People' - my own acronym for what SEP means to me. Last August, I had the opportunity to spend a semester at George Washington University (GWU) on the Student Exchange Programme. It was an eventful time with numerous lessons to learn from the independent living, travelling, studying in a different academic and cultural environment and most of all, for being present at the time of the September 11th events. However, it was the people I interacted with, the teaching style in GWU and the aftermath experiences of September 11th which were most significant.



April Chia in the center flanked by Kathering on the left and Nitya on the right - two friends in DC whom she frequently spent time and studied with.

Located in the heart of the renowned political capital of the world, GWU is a brief 15 minutes walk from the White House and hosts a cosmopolitan student population. It is refreshing to interact with students from Morocco, Turkey, Spain as well as other countries, and observing the differences in their mannerisms, dressing, speech and perspectives. Personally, interacting with international students has helped to equip me with better social and interpersonal skills,

such as learning how to be sensitive in accepting and expressing differing opinions in class. In the States, people are more forthcoming and open; they are generally more friendly as well. I realized that learning to assimilate into a new culture first involves being conscious of my own cultural background. After that, it follows with small adjustments like learning to greet each other in the conventional way, and ensuring that your accent of English is comprehensible! In sum, the process of being exposed and having to adjust to a culturally unfamiliar environment has helped me to grow as a person.

While in GWU, I chanced on the benefit of credit transfer and enrolled in a variety of classes. Taking the maximum number of classes I could, I studied sociology of law, urban sociology, industrial organization, urban-regional economics, philosophy of science, self-defense and taichi. I enjoyed all the classes tremendously and forged new friendships with classmates and Professors. Unlike in NUS, lessons were conducted in seminar style, thus creating many opportunities for interaction and discussion during class. As most Professors and students are not from the Washington DC area, the contribution and exchange of ideas were often varied and enlightening. The educational system in GWU is also highly rigorous. The grading system constitutes an assessment based on participation, projects, written papers and finals. For one economics class, we had to retrieve data and statistics to conduct an input-output analysis of an entire county from scratch! The irony is that while the project involved a whole month of work that only constituted 10% of the grades, all of us enjoyed the process and got a glimpse of what the job scope of an economist

entails. In another class, the teacher played out a game theory competition on the computer and scores were taken as actual grade points! Learning was fun and there were ample opportunities to put knowledge into practical use during the time when I was at GWU.

In addition to the people and education, being in Washington DC during September also left a deep impression on me. The seriousness of the situation only sank in when a school administrator interrupted our class and instructed us to return home immediately. The image of people making a beeline to the train station and the sense of uncertainty and fear amidst the apparent calmness is still vivid in my mind. On the train ride back, the conversations between people were revealing of their emotions. While some were simply quiet and appeared in shock, others were speculating on the cause of events while some were criticizing the CIA for the failure to intercept the attack. What was most saddening was when I witnessed a man who was frantically trying to call his wife who works in the Pentagon. At that moment, I could not help but imagine what it would be like if I were in his shoes or how worried my family members must have been back home. They had no means to contact me while I was out, and I happened to be the only one among my friends in school that morning. On that day, the usual half-hour train ride felt like the longest train ride I have taken. Seems it really takes situations like these to remind us of how unpredictable and fleeting life can be. On that day, everything felt unpredictable; anything could have happened on the train and during my half-hour walk back to my apartment and I thank God for the safe journey home. For the rest of the day, my friends and I stayed glued to CNN for news updates. And although school resumed the following day, the atmosphere felt significantly different. There was an uneasy calmness and the Americans were certainly shaken by occurrence of attacks on their home ground. Classmates who were absent either flew to New York to visit bereaved relatives and friends or, volunteered to help in the fire department. At one point, the media was so filled with updates and reports that it was almost to the extent of being desensitizing. We had to consciously not switch to the news channel every few minutes and avoid paranoia! In the later part of September, my friends and I traveled to New York and visited ground zero. Not having experienced war myself, the sight of 'ashed' buildings, debris and the smell of sulphur was an eye opening experience for me. In all, witnessing the aftermath reaction and recovery of the America after September 11th had been a thought provoking and introspective time for me.

On retrospect, my student exchange experience almost feels like a dream sometimes. It is that feeling of being planted into a totally unfamiliar environment and fettered into immediate assimilation overnight. It took time for learning and adjusting to completely set in. Yet, upon returning to Singapore five months later, things quickly went back to normal, as if I never left at all. It appears that no amount of telling and showing of photographs seem satisfactory in capturing the entirety of my experience. Therefore in more ways than one, my exchange in Washington DC has become a maturing and personally meaningful time for me. I am extremely grateful for the opportunity and also thankful for friends and family who have supported me during my time away.

THE BUSINESS OF UNIVERSITY MERCHANDISE - *Chua Sheng Wei (Ethan)*

The four months I spent in the University of Illinois at Urbana-Champaign (UIUC) last fall was an eye-opening experience. While the exchange provided an invaluable learning experience both intellectually and socially, I shall instead elaborate on a key difference in the way in which UIUC differs from the National University of Singapore (NUS), namely the marketing of university merchandise.

Whereas university merchandise is clearly limited in quantity and variety in NUS, limited to a small corner of the Co-op at the Forum that sold some t-shirts, windbreakers, and souvenirs, entire floors of each of the three bookstores in UIUC, each one at least the size of Borders or Kinokuniya, were dedicated to the sale of university merchandise, in addition to several other smaller stores that specialised in university athletic attire and other paraphernalia. Staff, students, parents, and visitors alike frequent these bookstores to take home a piece (or in most cases, several pieces) of the University. Like NUS, UIUC sells t-shirts, jackets, sweaters, and key-chains, although the sheer variety over there is almost exhilarating. In addition, you can find stuff such as shot glasses, decals, stickers, teddy bears, jerseys, etc, all emblazoned in the school logo (trademarked, of course), and almost always in school colours (orange and blue).

Why is university merchandise such a big business in UIUC,

and indeed in most American universities. One reason would probably be the demand for it by students. American students are arguably more proud to be part of UIUC, than local students are to be in NUS, if only because most of them choose to pursue their degree there, from numerous other state and private universities both in and out of Illinois. Furthermore, the pride in the school is also a function of the success of both the school's academic and athletic programmes. The football, basketball, and tennis teams have all been ranked in the top 20 nationally, and has undoubtedly fuelled the demand for school merchandise. For example, when the Fighting Illini football team qualified for the Orange Bowl, one of the four most prestigious bowls in college football, t-shirts, mugs, and shot glasses appeared in the stores almost overnight.

Many other reasons can be conjured up, but it is beyond the scope of this article to discuss them in any greater detail. Instead, we could perhaps examine what lessons can be learnt from this phenomenon. Clearly, university merchandise is an untapped source of revenue for NUS. However, the viability of any such venture is dependent on the university embarking on a more conscious campaign to foster a sense of pride among its students, the notion that we are here not because of the limitations imposed by money and geography, but because it is a worthy institution of learning.

STUDENT EXCHANGE PROGRAM EXPERIENCE AT UBC - *Winnie Tan*

The endless blue sky was one of the first few sights that greeted me upon my arrival to Vancouver, British Columbia. Coupled with scenic mountains and lakes, what I saw was a refreshing change from the urban landscape of Singapore. This marked the start of my enriching stint on the Student Exchange Program at the University of British Columbia (UBC).

UBC, situated on the west coast of British Columbia, has a much larger land area than NUS. Getting from one part of the school to another may seem to be no mean feat in NUS due to the easy availability of the internal shuttle bus. In UBC, there is no such service (although there is the security bus that services within the school compound when night falls). Everyone walks, cycles or rollerblades in UBC. Perhaps this is really what the Canadians call a healthy lifestyle.

A significant difference between the academic systems of the two schools was that UBC did not have tutorials for many of the modules (at least for the ones my friends and I took). Instead lectures, totaling up to three hours a week, were conducted.

There was more teacher-student interaction as those attending classes were more willing to speak up, as compared to their Singaporean counterparts.

My few months in Vancouver was really an eye-opener. Stepping out of my comfort zone at home and going through the initial adjustments have made me more independent and tolerant of changes. Culture shocks were inevitable but the crucial part was to understand the differences and adapt yourself accordingly. I would say that my five months in Vancouver was really a learning experience and left me with many memories that I will treasure years from now.



International Students Trip to Whistler

EMERITUS PROFESSOR LIM CHONG YAH'S ADVISORY SERVICE TO MAURITIUS

Emeritus Professor Lim Chong Yah, an eminent economist, has concluded a successful consultation visit to Mauritius in May. Emeritus Professor Lim has been appointed by the Government of Mauritius to be its Consultant on the Mauritian wage determination system and wage reforms. During the two-week visit to Mauritius beginning in early May, Emeritus Professor Lim and his team have met representatives of the Government, trade unions, and employers' associations to discuss and exchange views on various wage-related issues.

The Final Report on the Recommendations of Wage Reforms was submitted to the Prime Minister and the Deputy Prime Minister of Mauritius on 15 May 2002. Totalling 48 pages, the Report contains an evaluation of the present wage system, views of the three social partners interviewed by the team, and 35 paragraphs of recommendations for wage reforms. The recommendations aim to do away with wage and employment rigidity and inflexibility, and reduce wage-linked inflationary pressures. In its place, a wage system that encourages hard work, skills acquisitions, innovation, enterprise and investment is recommended. It is a system that will promote growth and employment with price stability and equity.

Emeritus Professor Lim Chong Yah is the former founding Chairman of the National Wages Council (NWC) in Singapore for nearly 30 years. Under his chairmanship, wages policies were used successfully in Singapore to fight stagflation, recessions and to restructure the economy. During the visit to Mauritius, Emeritus Professor Lim has the opportunity to share his invaluable experience with an audience of more than 200 people. The public lecture, titled 'Tripartism and Economic Transformation in Singapore: Lessons for Mauritius', was well received by Ministers, opposition leaders, civil servants, trade unionists, and employers.

In his wage reform project in Mauritius, Professor Lim is assisted by Professor David Reisman, of the Nanyang Business School in NTU, and Ms. Sng Hui Ying, a Lecturer in Economics at the School of Electrical & Electronic Engineering in NTU.



Emeritus Prof Lim Chong Yah (left) submitting the Report on the Recommendations of Wage Reforms to the Prime Minister of Mauritius, the Right Honorable Sir Anerood Jugnauth

STAY IN TOUCH

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

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

STAY IN TOUCH

Do we have your correct name and address? Would you like us to send a copy of the Newsletter to your friends/colleagues? Please fill in the form below and send it to:

Mrs Annie Koh
Economics Newsletter
Department of Economics
National University of Singapore
AS2, 1 Arts Link
Singapore 117570

Name: _____

Address: _____

Email: _____

Tel: (H) _____ Tel (O): _____ Fax: _____

UPCOMING EVENTS

THE LIM TAY BOH MEMORIAL LECTURE

The Lim Tay Boh Memorial Lecture, a biennial Public Lecture series, was instituted in 1984, to commemorate the memory of the late Professor Lim Tay Boh, who was a distinguished economist and educationist of Singapore. He was the first Singaporean to be appointed Professor of Economics and Head of the Department of Economics in 1960. He became the Vice-Chancellor of the then University of Singapore in 1965, a position he held until his untimely death in October 1967.

Past speakers were Professor Helen Hughes, Dr Hak Chung Choo, Professor Ross Garnaut, Dr Lawrence Summers, Professor Ryokichi Hirono, Dr Fred Bergsten and Professor Larry Sjaastad.

The Eighth Lim Tay Boh Lecture will be held on Thursday 11 July at 5.45pm at Lecture Theatre 13, NUS. Professor Paul Klemperer, Drummond Professor of Economics at Nuffield College, Oxford, will present the Lecture on "Using and Abusing Economic Theory".

Professor Paul Klemperer held many distinguished positions, which include, the Edgeworth Professor of Economics, Oxford University; Member of Competition Commission; Fellow of the British Academy; Fellow of the Econometric Society, Member of Executive Committee, and Council, of Royal Economic Society; Honorary Fellow, ELSE. He has published widely in academic journals including the *American Economic Review*, *European Economic Review*, *Rand Journal of Economics*, *Journal of Political Economy*; *Review of Economic Studies*; *Econometrica*; *Economic Journal*.

Please inform Ms Tini at tel: 68743941 or email: ecssec@nus.edu.sg if you are interested in attending the Lecture.

THE SINGAPORE ECONOMIC REVIEW (SER) INAUGURAL LECTURE

Assoc Prof Euston Quah, the Editor of the SER with effect from 2002, initiated the SER Lecture. The inaugural Lecture to be given by Professor David Greenaway will be held on Monday, 26 August 2002. Professor David Greenaway has been a Professor at the University of Nottingham since 1987. He was also the University Pro-Vice-Chancellor between 1994 and 2001 and Dean of the Faculty of Law and Social Sciences between 1991 and 1994. His research interests lie primarily in the fields of trade and labour market adjustment; cross-border investment; international trade policy; the funding of higher education. Current projects include work on exports and productivity, spillovers from FDI and sectoral adjustment. He has published in journals that include the *Economic Journal*, *European Economic Review*, *Journal of Development Economics*, *Economic Inquiry*, *Oxford Economic Papers*, *Economics Letters*, *European Journal of Political Economy*, *Economic Record*, *The Manchester School* and *Oxford Bulletin of Economics and Statistics*. He is a member of the Editorial Boards of *Applied Economics*, *Journal of International Trade and Economic Development* and *The Manchester School*. He has been an Associate Editor of the *Economic Journal* and is Joint Managing Editor of *The World Economy*.

More information on the Lecture will be announced later.

Congratulations

to Dr Zhang Zhaoyong on his promotion from Senior Lecturer to Associate Professor with effect from 1 January 2002.

Thank you and best wishes to the following staff who had left the Department.

Dr Goh Ai Ting (Assistant Professor)
on 31 March 2002

Dr Lee Khang Min (Assistant Professor)
on 31 May 2002

Dr George Hui Wang Liang (Senior Fellow)
on 31 May 2002

Dr Rajani Kanth (Senior Fellow)
on 30 June 2002

Dr Siregar, Reza Yamora (Assistant Professor)
in June 2002

Dr Yang Zhenlin (Assistant Professor)
on 30 June 2002



Dr Ho Keng Weng and his bride, Soo Phin

Wedding Bliss –

Our Heartiest congratulations to Dr Ho Kong Weng and his bride, Soo Phin who were united in Holy Matrimony on 29th June 2002 at the Calvary Bible-Presbyterian Church.

with Warm Appreciation



After serving nearly 15 months as Acting Head, Associate Professor Euston Quah passes the baton to Professor Ake Blomqvist who is arriving in NUS in July 2002 to take-up the new appointment as Department Head. The Department would like to place its record of thanks

and warm appreciation to Assoc Prof Quah for not only holding 'fort' but also for pushing ahead much needed reforms, and striving for improvements in administration and encouraging faculty feedback. Always finding ways to foster greater interaction among colleagues and building camaraderieship, Assoc Prof Quah is known for supporting and encouraging faculty research. Keen to maintain rapport with his students, Assoc Prof Quah continued to teach a module, as well as supervising three honours year students and one graduate student. Not neglecting research and despite much difficulties and time constraints, Assoc Prof Quah managed to complete his book manuscript which was subsequently published (*Siting Environmentally Unfriendly Facilities: Risks, Trade-Offs and Choices* with KC Tan ;published by Edward Elgar, UK 2002) and a paper,titled,"Transboundary Pollution in Southeast Asia: The Indonesian Fires" was published in *World Development*, a leading journal. We would like to wish Assoc Prof Quah all the best as he prepares for his much needed sabbatical leave at the University of Melbourne, Australia, and Chulalongkorn University, Thailand.

The Department would like to record the following list of activities initiated and promoted by Assoc Prof Quah during his tenure:

- MOU with Stockholm School of Economics.
- Joint Workshops with the University of Nottingham, London School of Economics, University of Melbourne, and Chulalongkorn University.
- Planned meetings with Peking University and Tsinghua University with a view to maintain strong links with Asian universities.
- The Economics Executive Programme (EEP) continues to play in integral part in providing support to the Ministry of Foreign Affairs (Singapore Economic Cooperation Programme). The programme is an important public service as the EEP trains middle to very senior officers from the various developing countries in which contacts and networking into these countries for graduate programme, consultancy, and related academic activities are also derived.
- Funds from the EEP had provided for increased support of research activities of staff, tuition waivers of graduate students who had performed well in the Graduate Programme, conference support beyond staff allowable quota, purchasing and maintaining of special empirical/secondary data (related to finance), equipment support, invitations to certain faculty (recent visit by Professor Myrna Wooders, co-editor of the *Journal of Public Economic Theory* and the *Economic Bulletin*) not covered by existing arrangements, contingency funding for workshops, staff welfare and subsidies for staff get-together sessions and graduate teas, etc.
- Increased emphasis, funding support and focus on graduate programmes.
- Direct recruitment via talks in overseas universities were made.
- The following Departmental chairs were filled by eminent economists: the Lim Chong Yah Chair by Professor Jack Knetsch; the Goh Keng Swee Chair by Professor Ng Yew-Kwang and the Tan Chin Tuan Chair by Professor Michael Devereux.
- Launch of the Minors Programme in July 2002: The programme would enable non economics major students from all other disciplines to read an Economics minor. New modules and changes to the economic curriculum would also be implemented in the coming academic year.
- The *Singapore Economic Review (SER)* was brought up to date with the publication of the October 2001 issue. The new *SER* beginning with the April 2002 issue will be published in August to coincide with the launching of the inaugural *SER* Lecture to be given by Professor David Greenaway (Pro-Vice Chancellor of the University of Nottingham, UK and a well-known economist) on 26 August 2002.
- Creation of a Development Officer position to take charge of publicity and public relations.
- Decentralization of departmental administrative procedures and greater participation in decision-making by way of committee involvement and soliciting views.