



Economics and Statistics Newsletter -- June 1997



The 1996/1997 academic year was undoubtedly eventful for the Department. The Department is proud to announce the launch on 12 December 1996 of the Goh Keng Swee Professorship and Master's Scholarships in Economics (please see below). In addition, during this period, the Department once again enjoyed the visits of many eminent economists, witnessing to the healthy interactions the Department has with international visitors. One of these was Professor Thomas Schelling, a Lee Kuan Yew Distinguished Visitor. The Department was also treated to a stimulating lecture by Professor Jagdish Bhagwati, a very prominent trade and development economist from Columbia University. The Department also held the Sixth biennial Public Lecture in honour of the late Professor Lim Tay Boh, who was the first Singaporean to be appointed Professor of Economics and Head of the Department of Economics in 1960. The speaker for the Public Lecture was Dr Fred Bergsten, who is the Director of the Institute for International Economics in Washington, D.C. The lecture was a timely run-up to the first World Trade Organisation (WTO) ministerial meeting held in Singapore in December. Besides these, the Department was also involved in a host of other activities. In its recent workshop on the outlook for the Singapore economy, the Department's Econometric Studies Unit's (ESU) forecast the 1997 GDP growth for Singapore to be between 7.1 and 7.4 percent. Several experts were also invited to give sectoral analyses of the key markets in Singapore. The coverage of these current issues explained the overwhelming response the ESU enjoyed from both the public and the private sectors. Below is a detailed description of the activities of the Department.

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LAUNCH OF THE GOH KENG SWEE PROFESSORSHIP AND MASTER'S SCHOLARSHIPS IN ECONOMICS

The latter half of 1996 will certainly be remembered with pride by the Department of Economics and Statistics because it was on 12 December 1996 that another milestone was achieved. On this day, the Goh Keng Swee Professorship and Master's Scholarships in Economics were launched, in honour of one of Singapore's most illustrious sons. Dr Goh has made invaluable contributions to the growth and development of Singapore. As Minister for Finance, he was Singapore's chief economic architect and strategist. During his long and illustrious career, commencing in 1959, he also made immeasurable contributions as Minister for Defence, Minister for Education, First Deputy Prime Minister (from 1973 to 1984), and Deputy Chairman of the Monetary Authority of Singapore (from 1985 to 1992).

The very distinguished Fund-Raising committee, was chaired by Mr Wee Cho Yaw, Chairman of United Overseas Bank, and included Mr Kwek Leng Beng, Mr Lee Seng Wee, Professor Arthur Lim, Mr Philip Ng, Mr Ngiam Tong Dow, Mr Sim Kee Boon, Mr Philip Yeo, Professor Basant Kapur and Associate Professors Lawrence Chia and Hank Lim. In this fund-raising endeavour, the Committee surpassed the \$1.5 million target that was originally set. The total amount raised was just over \$2 million and this amount will be matched dollar-for-dollar by the Government under the Universities Endowment Fund. President Ong Teng Cheong, patron-in-chief of the Endowment Fund, graced the Launch and received the cheque from Mr Wee Cho Yaw.

The esteemed donors to the Professorship and Master's Scholarships Fund included Senior Minister Lee Kuan Yew, Deputy Prime Minister BG Lee Hsien Loong, the Big Four banks, the National Trade Union Congress, private enterprises, government-linked companies, foundations, Chambers of Commerce, and members of other bodies, such as the Real Estate Developers' Association of Singapore and the Singapore National Employers Federation.

The Professorship, tenable at the Department, will see eminent scholars here for a minimum period of three months to a year. The Department is looking forward to the opportunity of working closely with these well-known scholars, especially in research endeavours into Singapore's growing regional and international roles. Students of the Department will also benefit immensely from these eminent visitors.

Further, the Master's scholarships will provide an opportunity for outstanding candidates in Asia to be chosen as Goh Keng Swee Scholars. They will pursue the Master of Social Sciences in Economics programme by coursework and dissertation that the Department has offered since 1990.

Econometric Studies Unit (ESU) Workshop: Outlook for the Singapore Economy

The Department's Econometric Studies Unit (ESU) held its annual Workshop on 18 March 1997 at the Inter-Continental Hotel. The theme of this year's workshop, ably organized by the ESU Co-ordinator, Dr Ngiam Kee Jin, was "Outlook for the Singapore Economy". It was a very successful workshop which attracted a large number of participants from government ministries, statutory boards, investment research and broking houses, and banks. It also received wide media coverage. Not only did the workshop focus on the outlook for the economy in both the shorter and the longer term, several experts were also invited to give sectoral analyses of the key markets in Singapore.

Professor Basant Kapur, Head of the Department delivered the Welcoming Address and made an insightful suggestion that a national task force should be set up to study all aspects of worker training, worker deployment and work organisation in Singapore. The implementation of further training and re-organisation measures would help to make the economy more resilient, and reduce its dependence on further increases in the number of foreign unskilled and semi-skilled workers.

The ESU team, comprising Dr Ng Hock Guan, Dr David Owyong and Dr Peter Wilson, forecast the 1997 GDP growth for Singapore to be 7.4 percent, up from 7 percent recorded last year. The ESU team felt that the economic growth will be led by a pickup in

global electronics demand during the second half of the year, as well as robust growth in Singapore's leading export markets.

In another paper, Dr Tilak Abeysinghe and Mr Christopher Lee, using a quarterly model, forecast that productivity growth in the financial and business services sector will continue to be weak. In their model, they employed a measure of the relative unit labour cost (RULC) which allowed them to separate the labour cost effect from the exchange rate effect. They attributed the apparent weakening in Singapore's competitiveness mainly to the strengthening of the Singapore dollar, rather than to higher labour costs.

In a very lively presentation, Dr Bernhard Eschweiler, Vice President and Head of Economic Research at JP Morgan, focused on the longer-term challenges for Singapore. He argued that to maintain international competitiveness, there is a need for Singapore to move from process refinement to product innovation, particularly in the financial and business services sector. He said that this would require substantial private sector initiative.

Other speakers were prominent experts on the performance of specific sectors. Mr Choong Kian Haw, Director of the Glamourette Group of Shops, painted a bleak outlook for the retail sector, where the growth in shopping space has continued to outstrip the growth in shopping expenditures. He concluded on a positive note that to survive the competition, there is a need for home-grown companies to go regional, to adopt different merchandising strategies (such as using the cybermall), and to diversify. Mr Stephan Chan, Senior Analyst of Kay Hian Research Pte Ltd, gave an optimistic view of the electronics sector. Mr Tay Kah Poh, Director of the Consultancy and Research Department of Knight Frank Pte Ltd, analysed the impact of the anti-speculation curbs introduced in May 15 last year on the property market. Finally, a very optimistic outlook for the share market was painted by Mr Mano Sabani, Director of DBS Investment Research. He pointed out that the bright outlook for the economy will help boost share prices, and predicted that the stock market would also benefit from diversion of funds from property to equities.

Internship Programme for Economics and Statistics

The Department of Economics and Statistics and the Public Service Division of the Prime Minister's Office, after a series of discussions, launched an internship programme. Under this programme, second and third year students reading Economics and/or Statistics were attached to participating Ministries for a period of four to five weeks to engage in research projects which were of mutual interest. During the period of attachment, each participating Ministry appointed a supervisor to guide each intern. The Department staff with similar research interests were also involved to help these interns.

Participation in the programme was entirely on a voluntary basis. There was a total of 57 applications last year. After short listing and interviewing the applicants, six candidates were finally selected. The participating ministries for this year's internship include the Ministry of Defence, Ministry of Finance, Ministry of Health, Ministry of Labour, Ministry of Trade and Industry and the Scenario Planning Office of the Prime Minister's Office.

The internship programme provided an opportunity for our students to relate what they have learned to the real world situations and policy issues. One of the interns, Pearl Chan attached to the Ministry of Labour appreciated the opportunity to sit in the Conciliation Meeting and witnessed the process of how healthy workers and employers' relations are fostered in Singapore. Teo Mui Ling, attached to the Ministry of Trade and Industry, "caught glimpse of how economic polices are formulated and how economic planning is carried out". One of the objectives of the internship programme is to pave the way for a career path in the public sector for our students and to attract high calibre students to potential careers in governmental organisations. After the internship, Chloe Ho commented in her report that she is "more inclined to consider a job offer in the civil service favourably."

For this year, the number of interns have increased to twenty-three. Most of them will be attached to government ministries and statutory boards, but three are participating in the internship programmes offered by Keppel Bank and NTUC Income.

It is expected that, in the future, the programme will attract even more participating Ministries, Statutory Boards and private enterprises, and thus allowing more students to benefit from the programme.

Seminar by Professor Thomas Schelling: LKY Distinguished Visitor

Professor Thomas Schelling, a world known economist and 1996 LKY distinguished visitor spoke on "Economic Theory, Rationality and Human Behaviour" in the Lim Tay Boh Seminar Room of this Department on August 22, 1996. Professor Basant Kapur, Head of the Department, chaired the session, and highlighted Professor Schelling's very distinguished academic contributions throughout his career. Professor Thomas in his paper presented various examples of human behaviour, describing the ways people cope with temptation and other forms of irrational behaviour. The Seminar was attended by about 40 participant from the Faculty of Arts and Social Sciences.

Lecture by Professor Bhagwati

On September 19, 1996, the Department was treated to a stimulating lecture by Professor Jagdish Bhagwati from the Department of Economics at Columbia University in New York. Prof Bhagwati was at that time a Distinguished Visitor at the Institute of Southeast Asian Studies. The lecture was jointly organized by the Department and the Economic Society of Singapore and was chaired by Professor Basant Kapur. The lecture, held in the Shaw Foundation Building, was well attended with over eighty participants.

The title of Prof Bhagwati's talk was "Preferential Trading Areas and Multilateralism: Strangers, Friends or Foes?" The main question being addressed was whether a move to regional trading blocks was welfare enhancing. The subject of the discussion is of considerable contemporary interest due to the global trend toward regional trading blocs, such as the NAFTA and AFTA free trade associations as well as unions such as the EU. This move to preferential trading areas is in contrast to the multilateral initiatives embodied in the GATT and WTO.

The starting point for Prof. Bhagwati's argument was the first best result that unrestricted multilateral free trade is optimal. This leads immediately to the second best question of whether an incremental movement towards the first best solution, represented by the introduction of preferential trading areas, is also welfare improving. A number of well known economists such as Paul Krugman and Lawrence Summers have recently argued in favour of second best welfare improvement. Building on Jacob Viner's classic arguments against customs unions, Prof. Bhagwati provided a number of insightful reasons why preferential trading areas can be welfare reducing. For individual countries in the preferential trading area, welfare reduction can also occur even if there is an aggregate welfare improvement for the trading bloc as a whole.

The Sixth Lim Tay Boh Memorial Lecture

The Department held the Sixth Lim Tay Boh Memorial Lecture on 19 September 1996 at Lecture Theatre 11. The distinguished speaker was Dr C. Fred Bergsten, Director of the Institute of International Economics, USA. Dr Bergsten is a well-known economist and expert on international economic issues. He was the representative of the United States on, and Chairman of, the Eminent Persons Group (EPG) of the Asia Pacific Economic Co-operation (APEC) Forum throughout the EPG's existence from 1993 to 1995.

The lecture was very well received and the topic was timely, in view of the run-up to the first World Trade Organisation (WTO) ministerial meeting that was held in Singapore in December 1996.

Dr. Bergsten spoke on "The Future of APEC and Global Economic Leadership". He noticed an ascent of regionalism in all parts of the world with different economic systems, at very different stages of development and with different prior philosophies. Although the fears of regionalism, as a threat to the world trading system, have now been allayed, there is still the need to have determined leadership to avoid conflicts between globalism and regionalism. Bergsten urged the Asia-Pacific Economic Co-operation (APEC) to take the lead in initiating global free trade. He is of the view that the 18-member grouping being the "most promising source of global leadership", has the capability and the inclination to initiate the next episode of global trade liberalisation. Indeed APEC, which has proceeded "under the mantle of open regionalism", could galvanise the process by "seeking agreement of the full WTO membership to emulate its goal of achieving free trade and investment by the year 2010/2020." Dr Bergsten further entertained challenging questions from the audience in response to his stimulating lecture. He was also interviewed by the press and the Memorial Lecture was reported in the *Straits Times* and the *Business Times* the following day.

'A'Level Seminar on Economics and Statistics

The Department of Economics and Statistics organised its annual seminar for A-level students on 3 May 1997. The seminar received a very good response, with students from all Junior Colleges and centralized institutes participating. These students were given a warm welcome and introduction by the Department Head, Prof Basant Kapur.

Dr Koh Ai Tee gave a very lively and informative lecture on "Climbing the Technological Ladder in Singapore: Opportunities and Challenges," followed by Dr Amina Tyabji, whose lecture on "Money, the Exchange Rate and Interest Rates in Singapore" was also much appreciated by the students. Dr Chua Tin Chiu gave a very interesting and enlightening account of how Statistics could be applied in the real world in his lecture "Uses and Misuses of Statistics."

Deputy heads A/P Bhanaji Rao and A/P Lee Yoong Sin, respectively, gave a detailed outline of the Economics and Statistics Programmes of the Department. The students were then given impressions of the Department by three former graduates and a current student. Ms Chang Hung Mui, Asst Manager in the Competitiveness Analysis Department of the Singapore Tourist Promotion Board, and Miss Carrie Loh Jee Cheng, Treasury Department of the ABN Amro Bank, related to the students the relevance of the training they received from NUS to their current jobs. Mr Poon Chee Peou, Senior Research Officer of the Research and Statistics Department of the Jurong Town

Corporation, gave a vivid account of how his training in Economics and Statistics is helping him in his research analyses. The current student president of the NUS Economics and Statistics Society, Miss Ong Hui Boon, gave an account of the rich and varied activities of the Society.

Economic Management Series for Executives

The Department's Economic Management Series for Executives (EMSE), under the able guidance of Dr Euston Quah, held a very successful Workshop for civilian officers of the Ministry of Defence last year. A total of 16 officers participated in two modules conducted over two sessions, during 10-13 June 1996 and 2-5 July 1996. The first module, focusing on Microeconomics and Macroeconomics, was conducted by Assoc. Prof. Mukul Asher and Dr Koh Ai Tee respectively. The second module, Development Economics and its applications to Southeast Asia and the NIEs, was conducted by Dr Hank Lim and Dr Jose Tongzon. A wide range of topics such as Comparative Economic Structure and Performance, International Trade and Investment, and Human Resource Development were covered in the second module. Not only were participants exposed to the various economic theories and development concepts and their applications to the regional economies, they were also required to make presentations on economic issues facing some of the Southeast Asian countries and the NIEs, using the economic tools they had acquired in the course.

Similar workshops were conducted during 2-5 September and 25-27 September 1996 for another group of civilian officers from MINDEF.

More recently, the EMSE conducted a course on "Understanding and Using Economic Data", on 10-11 April 1997. This course, designed at a professional level to meet the needs of mid-career executives, attracted 42 participants from both the private and public sectors. During the Workshop, the participants gained invaluable insights into the conceptual frameworks on which economic data is based, and valuable understanding of the uses and limitations of such data in their fields of work. Departmental staff, Assoc Prof Tse Yiu Kuen, Dr Tilak Abeysinghe, Dr Koh Ai Tee, and Dr Soon Teck Wong participated as lecturers in the Workshop.

Centre for the Study of Transitional Economies

In June, the Centre, the Director of which is Dr Lu Ding, and the Hanns-Seidel

Foundation, organized a Workshop on "AFTA and APEC: Planning Issues for Myanmar's Eventual Membership", in Yangon, Myanmar. The aim of the Workshop was to introduce and acquaint the Myanmar national planning officials to the institutional frameworks and trade arrangements in AFTA and APEC. The Workshop was conducted by lecturers from the Department: Dr Habibullah Khan, Dr Ahmed Khalid, Dr Jose Tongzong and Dr Zhang Zhaoyong.

The Centre conducted an Executive Programme in Human Resource Management in Singapore for China's Ministry of Machinery Industry from 28 November 1996 to 16 December 1996. This is the first training programme in Mandarin organized by the Centre for Chinese participants. Twenty officials and managers from the Human Resource Management of the Ministry participated in the training programme. The Workshop covered a wide range of topics on theoretical and policy issues of human resource management and development. Lecturers from the Department of Economics and Statistics, as well as from the Department of Organisational Behaviour of the Faculty of Business School and the Institute of East Asian Political Economy spoke. For the participants to have first-hand knowledge of human resource management in Singapore, the Centre also organized visits to the Central Provident Fund Board, the Economic Development Board, Jurong Town Corporation, Ministry of Labour, Maritime Port Authority the National Trade Union Congress, the Urban Redevelopment Authority and the Corruption Practices Investigation Bureau. The Centre received very favourable and encouraging feedback from the participants.

In the past half year, the Centre has also hosted a number of visitors. These include Mr. Cheong Kee-Cheok of the World Bank Economic Development Institute; Dr Chikara Komura, Director of Centre for Asian and Pacific Studies, Seikei University, Japan; Dr Bun Song Lee, President of Seoul Development Institute, Korea; an eight-member delegation from China's Zhejiang University, and a three-member delegation from China's Xiamen University. During these visits, the visitors discussed possible areas for future cooperation in research and training.

Video Conferencing with the University of Brunei Darussalam

The University of Brunei Darussalam (UBD), as part of its effort to publicise their latest facilities, hosted a video-conferencing session with the National University of Singapore, on 7 November 1996. A team of 20 students from the Department of Economics at UBD attended this session. The team is led by Muhammad Abdul Amin Hashim, a tutor in the Department of Economics at UBD, and currently enrolled as an M.Soc.Sc in Economics student at NUS. Dr Habibullah Khan, a Senior Lecturer in the Department of Economics and Statistics, was the participant from the NUS side. This

initial video-conferencing session was a "get-to-know" session and discussions were centered on course structures, admission procedures, requirements for Honours degrees, and academic standards. Since the Brunei team was also interested in the latest economic situation in Singapore, Dr Khan briefed them on Singapore's future growth prospects and likely constraints.

Staff Watch

The Department welcomes Dr Goh Ai Ting back. Our heartiest congratulations to Dr Goh for obtaining her PhD from the University of Pennsylvania.

NEW STAFF MEMBERS

A warm welcome to the following staff who joined us since June 1996:

- **Dr Zeng Jinli** PhD, University of Western Ontario; Arrived on 16 September 1996.
- **Dr Meher Manzur** PhD, University of Western Australia; Arrived on 16 December 1996.
- **Dr Anthony PD'Costa** PhD, University of Pittsburgh, USA; Arrived on 23 December 1996.
- **Professor DV Gokhale** PhD, University of California Riverside, USA; Arrived on 28 December 1996.

PROMOTIONS

Our heartiest congratulations to Prof Basant Kapur on his promotion to Professor in March 1997 and to Dr Hank Lim and Dr G Shantakumar on their promotions to Associate Professors in July 1996.

Recent Publications

ECONOMIC MANAGEMENT AND TRANSITION TOWARDS A MARKET ECONOMY: AN ASIAN PERSPECTIVE - edited by Anthony Chin & Ng Hock Guan, published by World Scientific, Singapore, Autumn 1996, 500 pages; Price US\$60

Much attention has been focused in recent years on the transformation of the economies of Eastern and Central Europe and the former Soviet Union. However, a growing demand for policy advice, technical assistance and expertise is also coming from Asian reforming countries such as China, Mongolia, Vietnam, Laos and Cambodia. In addition, business communities abroad are increasingly interested in exploring investment and marketing opportunities in these reforming countries. Such developments are too important to overlook or ignore.

The transformation of socialist economies towards market-based systems entails an unusually wide range of problems. Studies of related topics are complicated by the speed of the changes and the lack of clear historical precedents. Although the structural features of Asian reforming economies are in important ways different from those of the Eastern European economies, all socialist economies share similar fundamental conditions on the eve of economic reform which raise a similar set of reform issues.

This volume brings together a rich collection of expertise and information in an attempt to shed light on the transitional process in Asia. The volume, consisting of twenty-five chapters, covers an entire spectrum of topics -- from the role of the state to the sequencing of reforms, from macroeconomic stabilization to privatization and the development of non-state enterprises, and from monetary and fiscal reforms to labour, transport, investment, trade and technology issues. Except for two chapters, the rest of the volume is contributed by the current and past staff of the Department.

RICARDIAN EQUIVALENCE: EMPIRICAL EVIDENCE FROM DEVELOPING ECONOMIES - by Ahmed Khalid *published in Journal of Development Economics, vol.51, issues 2, December 1996, pp.411-429.*

Conventional macro theory predicts that budget deficits financed by debt/tax substitution would crowd-out private investment and have effects on real economic variables. Contrary to this, recent developments in macroeconomics, specifically, the Barro/Ricardo Equivalence Proposition (i.e.; REP) negate the macroeconomic consequences of fiscal deficits. However, this proposition is based on some very strong assumptions and it is very important to test the validity of these assumptions, especially for developing economies where well-established financial markets are almost non-existent. The importance of this analysis also stems from the facts that most of the IMF stabilization programs which have suggested to curtail fiscal deficits are based on the assumption that such deficits crowd out private consumption.

This paper attempts to remove the limitations of the existing literature and works to obtain results which are more robust and indicative for future policy planning. The evidence regarding the validity of REP are, therefore, brought from a large sample of 21 developing countries representing different regions and economies. Our results support the argument that the validity of REP is an empirical issue and results may vary from country to country. In general, our findings suggest that the presence of liquidity

constrained individuals may be the source of deviation from REP. Our analysis also indicate that the public spending is a poor substitute for private consumption and hence imply that temporary increases in public spending may have some expansionary effect on aggregate demand.

EXCLUDING CAPACITY-CONSTRAINED ENTRANTS THROUGH EXCLUSIVE DEALING: THEORY AND AN APPLICATION TO OCEAN SHIPPING - by Yong Jong Say *The Journal of Industrial Economics*, Vol.XLIV, No. 2, June 1996.

This paper considers the competitive effects of exclusive dealing contracts in a three-player game: an incumbent, an entrant who is more efficient but capacity constrained, and a buyer. We show that exclusive dealing contracts may represent an effective entry barrier - the incumbent is able to exclude the smaller entrant from the industry. The outcome is not socially efficient. We then examine the ocean shipping market, where exclusive dealing contracts are a common practice, and capacity consideration is important. We find exclusive dealing contracts in liner shipping may have given linear conferences an unfair advantage.

SINGAPORE'S EXPERIENCE WITH CAR QUOTAS: ISSUES AND POLICY PROCESS -- by Phang Sock-Yong, Wong Wing-Keung and Chia Ngee-Choon, *Transport Policy*, Vol. 3, No.4, pp. 145-153, 1996

This paper examines the policy process behind Singapore's car quotas. The policy, when filtered through the market mechanism, had a number of intended consequences. The public's unhappiness with certain features and 'loopholes' of the system resulted in many changes to the rules. The effects of recent measures to curb speculation on quota premiums are evaluated. Problems with Singapore Weekend Car Scheme are also discussed. The lesson for transport policy makers elsewhere is that in attempting to deal with the road congestion problem through car ownership policies, an asset market for vehicles should be taken into account.

TURNAROUND TIME AND BOTTLENECKS IN MARKET CLEARING: DECENTRALIZED MATCHING IN THE MARKET FOR CLINICAL PSYCHOLOGISTS - Alvin E Roth & Xiaolin Xing, *Journal of Political Economy*, Vol.105, No. 2, 1997

In the context of entry-level labor markets, we consider the *potential* transactions that have to be evaluated before equilibrium transactions can be identified. These potential transactions involve offers that are rejected. After an initial phase in which many offers

can be proffered in parallel, subsequent potential transactions must be processed *serially*, since a new offer cannot be made until an outstanding offer is rejected. In this phase even a small time required to process offers and rejections may cause bottlenecks. In many, perhaps most, decentralized labor markets, this means that transactions have to be finalized before there is time for the market to clear, that is, before all the potential transactions that would need to be evaluated in order to reach a stable outcome can in fact be evaluated. This has implications for the strategic behaviour of firms and workers. In particular, in deciding to whom to offer a position, a firm may have strong incentives to consider not only its preferences over workers but also the likelihood that its offer will be accepted, since if its offer is rejected it may find that many other potential employees have become unavailable in the interim. The analysis is carried out in connection with the decentralized market for clinical psychologists. The implications for other kinds of markets are considered.

PHYSICAL AND HUMAN CAPITAL ACCUMULATION, R&D AND ECONOMIC GROWTH - by Zeng Jinli,

Southern Economic Journal, 63 (4), April, 1997.

This paper develops a growth model, in which capital accumulation and R&D are endogenously determined, and the Schumpeterian "creative destruction" has double meanings: innovations not only discover new goods and destroy old counterparts but also create new knowledge and make the existing human capital less effective. We show that the monopoly power plays a critically important role in the growth process; the degree of the monopoly power does not affect the optimal growth rate while it tends to increase the laissez faire growth rate; and there always exists a tax system which can be used to achieve the optimal growth.

Conference Participation

Staff members are actively involved in research and this is reflected in the number of papers presented in conferences, organized both overseas and locally. Below are some of the conferences participated in by staff members during the period 1 June 1996 to 31 May 1997:

Staff Date	Conference Title	Title of Paper	Venue
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Dr Ahmed 3-5 June Khalid 96	International Conference on Management & Business	Financial Liberalization and Money Demand: Estimates for Selected Asian Countries Using ECM Approach	Lahore, Pakistan
Prof Basant 26-28 Kapur June 96	9th International Conference on Korean Studies	Harmonization between Communitarian Ethics and Market Economics	Seoul, South Korea
Prof Garry October Phillips 96	Fourth Malaysian Econometric Conference	Higher Order Asymptotic Expansions of the Least Squares Estimation Bias in First Order Dynamic Regression Models	Kuala Lumpur, Malaysia
Dr Chia October Ngee Choon 96	Sixth ADB Tax Conference	The Role of Regulatory Taxes in Economic Development: The Case of Singapore	Bangkok, Thailand
Dr Lu Ding October 96	Fifth Convention of East Asian Economic Association	The Role of Banking Credit Quota in China's Boom-Bust Cycles	Bangkok, Thailand
Dr Tilak October Abeysinghe 96	Fourth Malaysian Econometric Conference	Best Linear Unbiased Disaggregation of annual GDP to quarterly figures: The case of Malaysia	Kuala Lumpur, Malaysia
Dr Ahmed October Khalid 96	Fourth Malaysian Econometric Conference	Capital Mobility, Currency Substitution and Money Demand in Selected Asian Economies	Kuala Lumpur, Malaysia
Dr Koh Ai November Tee 96	Enhancing Technological Capability in ASEAN	Technology Enhancement in Singapore: Issues, Challenges, and Policy Implications	Bangkok, Thailand

Dr Ahmed December Khalid 96	India and Southeast Asia, Meeting of the Econometric Society	Is there a Long Term Relationship Between Budget and CA Deficits?: Cross Country Comparisons using ECM Approach	New Delhi, India
Dr Jose December Tongzon 96	Sixth Malaysia-Singapore Forum	Regionalism and Malaysia/Singapore Relations.	Malaysia
Dr 7-9 Jan Habibullah 97 Khan	The World Bank Workshop on Social Expenditures in East Asia Development	Social Expenditure in Singapore	Tokyo, Japan
Dr Hui Weng 30-31 Tat Jan 97	Workshop on International Migration and Labour Markets in Asia	Labour Migration in Singapore	Tokyo, Japan

Staff Date	Conference Title	Title of Paper	Venue
Assoc Prof 28-30 Tse Yiu Jan 97 Kuen	Long-Range Dependence International Workshop	Cointegration and No-cointegration Tests based on fractional differencing	Queensland Australia
Dr Yu Qiao 12-15 Feb 97	The 24th Annual Meeting of the Academy of Economics & Finance	Intermarket Relationship between Stock Prices in the East Asian Region: Is Japan a Market Leader?	Lafayette, Louisiana, USA
Dr Yong 20-23 Jong Say Mar 97	How have internationally competitive National manufacturing	Development of internationally competitive indigenous manufacturing firms in Singapore	Tokyo, Japan

	firms developed in Asia		
Assoc Prof 1-2 May	International	Trade and Competitions	Taipei,
Hank Lim 97	Trade Policies	Policies from	Taiwan
Giok Hay	after the WTO Singapore Ministerial Conference	International Perspectives	

Student News

NATIONAL DAY LECTURE 1996

The annual National Day Lecture organised jointly by the NUS Economics and Statistics Society and the Department was delivered by Mr. Mah Bow Tan, Minister for Communications, on 22 July 1996, at LT 13. The talk was attended by an audience of approximately 300 people composed of university and junior college students, together with staff and dignitaries.

Mr. Mah spoke on "A World-Class Transport System -- Asset or Liability?" He discussed the difficulties of managing the car population and explained the need for the Certificate of Entitlement (COE) system to restrict car ownership and the Electronic Road Pricing (ERP) to limit car usage. Both COE and ERP are more efficient than non-price mechanisms such as queuing and balloting. However Mr Mah assured the undergraduates that "while cars may not be cheap, they are not beyond the reach of those willing to work hard." Based on some calculations, undergraduates can aspire to own a car, though not a BMW or Mercedes, after working for three or four years. ERP, together with new technology and better design of road space, will allow the vehicle population to grow 3 percent per annum, thus people's aspiration to own cars can be met.

Mr Mah then proposed for public considerations the idea of communal cars, whereby housing estates and condominiums form co-operatives to own fleets of cars for rent to residents. Cars would then be more efficiently utilised as they are not "left to depreciate in the parking lot", and the capital cost is spread over many users.

He concluded his speech with a call to undergraduates to be open-minded about public transport as an alternative means of transport besides car ownership. He then outlined the government's plan to achieve a world-class transport system within ten to fifteen years. By then, public transport would be comfortable, swift and seamless at an affordable cost.

NATIONAL ECONOMICS QUIZ 1996

The NUS Economics and Statistics Society, in conjunction with the Department of Economics and Statistics, held the Sixth National Economics Quiz (NEQ) on 13 July 1996 in LT 11 in NUS. The NEQ was inaugurated in 1991 to promote economic literacy and awareness of economic issues as well as to provide A-level students an opportunity to apply textbook theories to their daily lives.

The Quiz attracted an audience of approximately 300 people composed of A-level students and undergraduates, together with staff and other distinguished guests. Among the guests was Mr Kenji Sugimoto, the Associate Director/General Manager of Hitachi Asia Pte Ltd which was the main sponsor of this year's Quiz. The co-sponsors were The Economist and Singapore Press Holdings.

The occasion was graced by the Guest-of-Honour Mr David Chin, the Deputy Chief Executive Officer of the Trade Development Board. In his opening address, Mr Chin gave an insightful, thought-provoking and lively account of the relevance of economics to trade. When he mentioned that TDB had very good experiences with the recent economics graduates of NUS, one could spot a proud beam across the faces of many economics undergraduates in the audience.

The panel of judges comprised Department staff Dr Chia Ngee Choon, Dr Fang Jiquang and Dr Koh Ai Tee. The winning team was determined after the Presentation Round where each team, represented by one member, gave a five minutes presentation on the topic "Fuelling the Next Lap: Fostering Creativity and Innovation in Singapore." After an excellent presentation, Raffles Junior College emerged as the winner and thus won the privilege of holding the "Lim Chong Yah" Challenge Trophy for a year. Victoria Junior College and Hwa Chong Junior College took the second and third place respectively.