

**WELCOME REMARKS BY DR KHOR HOE EE, PRESIDENT OF ESS
ESS ANNUAL DINNER AND MAS-ESS ESSAY COMPETITION
AWARDS CEREMONY 2007**

13 June 2007, Pan Pacific Singapore

Greetings

Guest-of-Honour Mr Timothy Geithner,
Minister Tharman Sharmugaratnam, our Special Guest for this evening,
Distinguished Guests and Friends,
Ladies and Gentlemen,

1 Welcome to this year's Economic Society of Singapore (ESS) Annual Dinner. I'm glad to see so many old friends and new faces. My special thanks to Mr Geithner and Minister Tharman for gracing this occasion.

ESS in the Past Year

2 Last year, on the occasion of the Society's 50th anniversary, I spoke about how ESS had come a long way since it was established. And I said I hoped the Society would continue to play a role in developing Singapore into a regional hub for economic research and ideas and contribute to more robust policy making.

3 I'm pleased to say that in the past year, we have continued to make progress in that direction. We continued to play a catalytic and facilitating role in bringing together economists and other professionals from both the public and private sector to study and discuss topical issues of relevance to both Singapore and the region. We established links with new partners such as the Institute of Policy Development (IPD) and Competition Commission of Singapore (CCS). We worked closely with the Editorial Board of the Singapore Economic Review (SER) to organise the Singapore Forum, with the aim of encouraging our academics to do applied research on the

Singapore economy and share their findings with the public. We also hosted the 31st Annual Conference of the Federation of ASEAN Economic Associations, which saw a good turnout by economists from the region. We continued to organize the annual seminar for pre-university students, which recorded the highest participation rate ever. And finally, for the sixth year running, we organized the MAS-ESS Essay Competition. I shall say a little more about this Competition later on.

4 I am particularly pleased, also, that we were able to make a contribution to closer collaboration between the public and private sector. Let me give two examples. First, a study group comprising members of ESS, IPS, SCAPE (the Singapore Centre for Applied and Policy Economics), IPD (Institute of Policy Development), MOM and MCYS was formed to look into issues pertaining to the impact of globalization and the social safety net in Singapore. Second, we worked with IPD and CCS (Competition Commission of Singapore) to organize talks and seminars on policy issues affecting Singapore. Despite the progress made, much more remains to be done to develop the infrastructure to support applied research on the Singapore economy and the region in terms of funding and incentives. ESS is working closely with the three local universities to come up with a proposal.

5 At this point, I would like to highlight a major event coming up – the Singapore Economic Review (SER) Conference, which will be held at the Meritus Mandarin in early August. The theme of the Conference is “The Future of Asian Financial Systems: Integration, Growth and Stability”. It will be held in conjunction with the Brooks World Poverty Institute Seminar focusing on “Poverty and Growth Dynamics: Asian and International Perspectives”. Over 200 papers have been submitted from all over the world and several eminent economists will attend the Conference. Professor

Joseph Stiglitz, the 2001 Nobel Laureate in Economics, will be the keynote speaker at the Conference. I urge you all to be there.

Thanking Council Members and Corporate Sponsors

6 I should say that all these activities would not have been possible without the support of our members, especially the Council members. All the Council members are volunteers with full-time jobs, and I greatly appreciate their time and effort. I am happy to announce that the number of corporate members has grown steadily. In alphabetical order, they are Citigroup; the Competition Commission of Singapore; Civil Service College; DBS Bank; Deutsche Bank; Engro Corporation; Fortis Bank; the Government Investment Corporation of Singapore; JP Morgan Chase Bank; Ministry of Community Development, Youth and Sports; the Monetary Authority of Singapore; Nanyang Technological University; Neptune Orient Lines; Singapore Centre for Applied and Policy Economics; Singapore Exchange; Singapore Management University; Singapore Press Holdings (The Business Times); Standard Chartered Bank; UBS; and UOB Group. Thank you all for your financial support - your contributions and the funds raised tonight will go a long way towards supporting our activities in the year ahead. I invite all of you to take part in those activities.

“Asia, the World Economy and the International Financial System”

7 Moving on, the theme for tonight’s event is “Asia, the World Economy and the International Financial System”. This time last year, I said that a rising Asia was poised to take on an increasingly prominent role in the world economy. Developments in the past year have provided more support for this view. China’s and India’s blistering growth continues to lift the region. A resurgent Japan is looking once more to play a leading role in the

region's economic development and financial integration. ASEAN countries and the Newly Industrialised Economies (NIEs) have recovered and are expanding. Market forces are knitting the economies of Asia into a massive production network, with new patterns of specializations. Surrounded by giants, ASEAN has found a new impetus for closer integration in order to effectively promote and consolidate the economic interests of its members.

8 But it is not just in trade and production that Asia is fast becoming a global player. Since the financial crisis ten years ago, many countries have successfully improved the resilience of their financial systems, and become more integrated into the global economy and international financial system. We all recall how, at the time of the crisis, many observers had written Asia off. They pointed to the crisis as evidence of the shallowness and fragility of the Asian development model. To me, the Asian landscape we see today is testimony to the tremendous resilience of the region.

9 But this also means that another Asian crisis would have an even wider and greater impact than before. So governments, central banks, and financial regulators in Asia have a heavier responsibility to safeguard international financial stability. Are we doing the right things, especially in policymaking and supervision? We drew lessons from the Crisis and responded strongly. But since then, have policies kept pace with rapid changes in the global economic- and financial landscape? Some keen observers say that the currency- and financial policies in Asia today run the risk of planting the seeds of a new and more virulent financial crisis tomorrow. Is there any truth in that? Is Asia still fighting the last war instead of preparing for future challenges? How do we handle the inherent tension between different but equally important policy objectives? These are some critical issues facing the region, and I believe Mr Geithner will shortly share his thoughts and insights on some of them.

MAS-ESS Essay Competition

10 Let me now say a few words about this year's MAS-ESS Essay Competition. The topic is "The Asian Financial Crisis Ten Years On: What Has Changed and What Have We Learnt". We chose this topic for two reasons. One, this year marks the 10th anniversary of the Crisis, so it is an opportune time to reflect on what has transpired in Asia since then, and whether the region has emerged any wiser than before. Two, we wanted our students – who were in primary or secondary schools then, and had only vague memories of the crisis - to learn about an event which had far-reaching consequences on the lives of the people in the region. We wanted them to appreciate the measures taken and the sacrifices made to bring about the subsequent recovery. We wanted them to sharpen their understanding of economics and finance, and to think out of the box.

11 We received 12 entries in the University category and 51 entries in the Pre-University category. These are somewhat lower numbers than last year, despite greater publicity efforts. It could be due to other essay competitions being held at around the same time. But we were heartened by the high quality of many of the entries. The depth of understanding, strong analytical skills, and command of language were impressive. I hope many of these young promising students will choose to join the economics profession.

12 The top essay in the University Category is by Mr Melvin Koh Kint Hock from the National University of Singapore, while the top essay in the Pre-U Category is a joint entry by Mr Yuen Pak Man and Mr Wee Liang En from Hwa Chong Institution. Mr Koh provided a well-rounded view of how the Asian Crisis was a watershed event for the region, in that it provided the impetus for integration, financial reforms and political changes. Indeed, ASEAN's strongest response to the crisis was a reaffirmation of its abiding

commitment to regional economic integration as well as collaboration in financial surveillance and other initiatives to forestall similar crises in future. He suggested that the quickening pace of integration and innovation in the global financial markets had brought about both opportunities and risks for Asia. Asia is not immune from another crisis, so we should use the current juncture to reflect on the causes of the crisis and the lessons. His winning piece also revealed an acute awareness of the political dimension of issues such as the need to establish strong institutions in order for Asia to remain plugged into the global economy. Mr Yuen Pak Man and Mr Wee Liang En demonstrated a strong understanding of the causes of the crisis and the progress made by Asian countries in applying the lessons learnt. They presented a strong argument that significant differences between 1997 and today mean that crisis management has become more challenging. Measures applied in 1997 may no longer be effective today. They also highlighted an often-neglected issue, namely that Asian countries have placed insufficient emphasis on building up social safety nets - a task which is actually quite pressing in view of recent studies on the adverse impact of globalization on the lower income groups.

13 Ladies and Gentlemen, on that note, I conclude my remarks for this evening. May I now invite Minister Tharman to present the prizes to our deserving winners for the MAS-ESS Essay Competition.