

**WELCOME REMARKS BY DR KHOR HOE EE, PRESIDENT OF ESS
ESS ANNUAL DINNER AND MAS-ESS ESSAY COMPETITION
AWARDS CEREMONY 2006**

24 May 2006, Suntec City Convention Centre

Greetings

Guest-of-honour Mr Rodrigo de Rato,
Senior Minister Goh Chok Tong
His Excellency Mr Francisco Rabena
Distinguished Guests and Friends,
Ladies and Gentlemen,

1 Welcome to this year's Economic Society of Singapore (ESS) Annual Dinner. This year, we celebrate the 50th Anniversary of the Society, and it gives me great pleasure to see so many of you gathered here this evening to join in our celebration. I would like to specially thank our guest-of-honour, Mr de Rato, Managing Director of the IMF; Senior Minister Goh Chok Tong, and our Distinguished Guests from abroad, for gracing this special occasion.

ESS 50th Anniversary

2 The 50th Anniversary is an opportune time for our Society to take stock of what we have achieved over the years, reflect on where we are today and where we should be tomorrow. ESS is not a professional body. Nor is it a research institute or think tank. We are basically a loose network of busybodies, or "kaypohs" as we like to call them in Singapore, who are passionate about economics and economic issues. Our mission is to raise the profile of the economics profession, and to enhance public awareness and understanding of economic issues affecting Singapore and the region.

3 When the ESS was established way back in 1956, it was small with limited resources. But the Society has grown and evolved over the years. While we remain a fairly lean Society, I think we can be proud of our contributions today. Not only do we publish a professional journal – the Singapore Economic Review (SER) – we also organise a number of events every year. Here I would like to thank my colleagues in the Editorial Board of the Journal for their commitment and hard work, and congratulate them on their success in raising the quality and international profile of the Journal in the last few years. Last year, we organised the SER Conference to commemorate the 50th anniversary of its publication. The conference was attended by many eminent economists, including Prof Edward Prescott, Nobel Laureate for Economics in 2004, who was the keynote speaker. Given its success, we have now decided to organize the conference every other year. Later this year, we will be organising the SER Singapore Forum which will focus on issues affecting the Singapore economy. The forum will be held back-to-back with the Annual Conference of the FAEA, the Federation of ASEAN Economics Associations, which will be hosted by ESS.

4 We also organise other activities that appeal to different audiences: closed-door workshops and seminars to bring together public- and private sector economists to debate policy issues; talks, seminars, and public lectures on topical issues aimed at the general public; an annual seminar for JC students to give them to enrich their understanding of the Singapore economy; career talks for university students; and last but not least, the annual MAS-ESS Essay Competition to encourages students to reflect on and analyse important economic issues.

5 How do we see our Society evolving? For a start, I hope that future members will celebrate the *100th* anniversary in a big way! An even larger number of enthusiastic members who will ensure that the Society continues

to contribute purposefully as Singapore develop into a regional hub for economic research and ideas.

Thanking Corporate Members/Sponsors

6 Modest though they may be, I hope our activities contribute to more robust policymaking by helping to raise awareness and deepen understanding of important economic issues among the general public. I also hope that the activities generate more interest among our young for the discipline and raise the profile of the profession. Of course all these would not have been possible without the efforts of our members, particularly the Council members, and the financial support of our corporate members. [In no particular order, our corporate members are: NUS SCAPE, NTU, SMU, Citigroup, DBS Bank, Deutsche Bank, Fortis Bank, JP Morgan Chase, Standard Chartered Bank, SGX, Great Eastern Life Assurance, SPH, NOL, Engro Corporation, GIC and MAS.] 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 participate in those activities.

Honouring SM and Past ESS Presidents

7 At our last AGM, some of us were wondering: how do we celebrate our 50th anniversary? Unlike bigger organisations, we cannot afford to issue a commemorative coin or publish a coffee table book.

8 After much deliberation, we thought, what more meaningful way to mark this occasion than to give thanks and honour the achievements of our members, past and present. In particular, I would like to dedicate this celebration to *all* our past presidents. Indeed the ESS is most fortunate to have been presided over by many distinguished economists over the years, many of whom are here tonight. Please join me for a round of applause for

the past Presidents: Prof Lim Chong Yah, Dr. Teh Kok Peng, Prof Basant Kapur, and Prof Augustine Tan. Indeed, I feel very honoured to be in my fourth year now as President. I thank you all again for your support during the past three years.

9 As I said, there is no more meaningful way to commemorate this occasion than to honour one of our most eminent members for his achievements. This member has provided great stewardship and contributed immensely to the development of the Singapore economy, the welfare of the people, and the future of our young. This member, on whom we have the pleasure to confer the Honorary Fellowship of the ESS, is none other than Senior Minister Goh Chok Tong. *Applause*

10 Ladies and Gentlemen, there have been only three recipients of the Fellowship – one practitioner and two academics. They are Dr Goh Keng Swee, Professor You Poh Seng, and Professor Lim Chong Yah. Professor Lim was the last person to receive the honour – in 1992. Today, it is fitting that we confer the honour on another practitioner, to balance the slate! But more importantly, to give due recognition to the key role of leading *practitioners* of economics.

11 When we conferred the Fellowship on Dr Goh, widely credited for being the architect of Singapore's economic policy framework, we honour Dr Goh as a man of great economic intuitions. He recognised that as a small open economy with no natural resources, Singapore had to pursue an export-oriented manufacturing strategy to grow the economy and provide jobs for its people. He understood that there is no free lunch in this world and hence the need to be competitive and maintain monetary and fiscal discipline. On monetary policy in particular, his intuition, that for a small open economy, the exchange rate is a far more powerful instrument than interest rate, laid

the foundation for our monetary policy framework, which continues to serve us well after twenty five years.

12 Today, Ladies and Gentlemen, we honour another great practitioner of economics, SM Goh Chok Tong. After graduating with a 1st Class Honours in Economics from the then University of Singapore in 1964, SM Goh secured a university research scholarship to do a post-graduate degree but was told by Professor Lim Tay Boh, then Deputy Vice-Chancellor, that the University had not managed to persuade the Public Service Commission to transfer his bursary bond to the University. He had no choice but to serve in the Administrative Service first, a stint which proved to be pivotal in determining his career path, even though he did go on to obtain a Masters degree in Economics from Williams College in 1967.

13 Like Dr Goh before him, SM Goh is a man with great economic and political intuitions. He led our country through the vicissitudes of the 1990s and its recovery in recent years. Under his stewardship, Singapore became a strong vibrant economy, a model for research by academics looking to understand the economics of growth and development. Indeed, SM was recently invited to be a member of the World Bank Commission for Growth and Development which has been tasked to come up with a strategy to help poor countries address issues of growth and development.

14. SM's involvement in the Growth Commission exemplifies the important role that practitioners can play in the development of economics as a discipline. I would argue that achievements in the practice of economics are just as important as theoretical breakthroughs. While we honour economists who develop theories that provide insights into the workings of our economies, it is equally important to recognise the practitioners who provide a reality check on the theories and valuable insights on how economics works in practice. After all, the ultimate test of

our discipline must lie in its *practice*, in the success with which it helps society to resolve and overcome the fundamental problems of scarcity and distribution. SM's achievements exemplify this.

14 Personally, I am privileged to have had the opportunity to work closely with SM during the Asian financial crisis and now that he is Chairman of MAS. I have had a firsthand appreciation of his sharp economic instincts, his strategic mind, and his knack for knowing almost instinctively what works, what doesn't, when to seize opportunities, and when to consolidate.

15 SM oversaw the remaking of Singapore's economy into a knowledge-based one with new growth engines to meet the challenges of globalisation. He accomplished all this in his own distinctive style – confident but unassuming, consultative but firm, and always with the final objective of enhancing the welfare of all Singaporeans.

16 Indeed SM always has a natural empathy for the poor and disadvantaged and it was important to him that the fruits of economic growth be shared across all segments of the population. The challenge was to come up with policies that improve the welfare of the poor without undermining the strong work ethics that underpin our competitiveness. He introduced schemes such as Edusave, Medifund, Utilities-Save, the New Singapore Shares, and Economic Restructuring Shares. These are basically redistributive schemes which are either narrowly targeted or one-off, and hence have minimal adverse effects on work incentives. To help the unemployed and low-skilled workers upgrade themselves, he set up schemes such as the Skills Redevelopment Programme (SRP) and the Home Ownership Plus Education Programme (HOPE).

17 On the external front, SM has worked tirelessly to secure our future by expanding and diversifying our economic space. He understands instinctively that Singapore's economic prospects are critically dependent on conditions in the external environment, just as a sailboat is dependent on the winds. After the Asian financial crisis, he saw the need to expand our economic hinterland beyond our immediate geography. When the WTO negotiations stalled, he immediately seized upon Free Trade Agreements (FTAs) to expand and secure our access to important markets around the world. I'm sure you have all heard of the midnight golf game between SM and then President Clinton which led to the bilateral FTA between Singapore and the US.

18 Of course while working hard at securing FTAs, Singapore remains firmly committed to multilateralism, as seen in our full involvement in the WTO and other multilateral organisations. SM himself epitomised this commitment, as shown by his contribution to the establishment of international fora such as APEC, ASEM, the Forum for East Asia-Latin America, and the East Asia Summit (EAS). More recently, SM has spearheaded the region's engagement with the Middle East.

19 On international finance, not many people are aware of the role that SM had played in the reform of the international financial architecture. At the height of the Asian financial crisis, he proposed to President Clinton the establishment of a relatively small group of countries from the major industrial and emerging market economies affected by the crisis. Such a group, he argued, would have more political clout and be more effective in dealing with the crisis. This led to the establishment of the G22 – the precursor to the G20 and the Financial Stability Forum (FSF), two fora which are now pillars of the international economic and financial system.

20 Ladies and gentlemen, as many of you would know, economics has often been derided as a “dismal science” because it never seems to be able to provide a clear answer to many economic issues. You ask economists one question and you get at least 2, frequently 3, and sometimes 4 or 5 different answers. And the worst part is, you don’t even know if any of those answers works. With practitioners like SM Goh, you are at least assured that you get one answer that works! So today, as the ESS confers on SM Goh the Honorary Fellowship, I believe the honour is very much ours.

Asia and the World Economy

21 Moving on, the theme for tonight is Asia and the World Economy. Asia is indisputably on the rise, poised to take on an increasingly prominent role in the world economy over time.

22 With the economic weight shifting to Asia, economic policy decisions taken in Asia will have profound implications for the global economy. Asian countries increasingly have an obligation to make decisions that also take into consideration the interests of countries outside the region. This requires a reform of the governance structure in key international institutions to give Asian countries a bigger vote and voice commensurate with their economic weight. I believe this is precisely the subject of Mr. de Rato’s speech and I shall not jump the gun here.

MAS-ESS Essay Competition

23 Let me now say a few words about this year’s MAS-ESS Essay Competition. The topic for the competition is “Asia’s Role in the Global Economy and the International Financial System”. We had chosen this topic to encourage the students to research and reflect on an issue with an

international dimension, unlike in previous years when the topics had a domestic focus.

24 We received 22 entries in the University category and 64 entries in the Pre-University category, many of which were of high quality. As in previous years, it was a challenging task for the judges to select the winning essays.

25. The top essay in the University Category is by Mr Melvin Koh of NUS, while the top essay in the Pre-U category is by Mr Koh Poh Wei of Hwa Chong Institution. They both argued that Asia's growing economic clout must mean greater responsibilities on the world stage, and that Asia's actions have implications for the rest of the world – for instance in trade and economic growth. They also argued that regional cooperation and integration should be seen as a key step towards globalisation, by encouraging countries to liberalize and open up their economies. Both authors show a depth of understanding of global economic developments and a maturity of thought that are highly commendable. I would encourage you to read the essays in full.

Awards

26 Ladies and Gentlemen, I'm now pleased to invite SM Goh on the stage to receive the Honorary Fellowship and to present the prizes to the winners of the essay competition.

SM Goh please.