

**Conference Address by Dr. Khor Hoe Ee
President of Economic Society of Singapore
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Minister Vivian Balakrishnan
Dr. Su Guan Ning, President of NTU
Prof Shih Choon Fong, President of NUS
Prof Howard Hunter, President of SMU
Prof Cheong Hee Kiat, President of UniSim
Professor Joseph Stiglitz
Distinguished colleagues
Ladies and Gentlemen

Greetings

1 Good morning. On behalf of my colleagues in the Economic Society of Singapore, I would like to extend a warm welcome to all participants at this conference, especially those of you who come from abroad. I am heartened to see so many of you here.

2 Some of you may know that the SER Conference is a very “young” event. It was first organized two years ago, to commemorate and celebrate the 50th anniversary of the SER Journal. At that time, I thought it would be a one-off affair. You know how it is with commemorative events... But today, we are gathered here for a second edition. A very-much ramped-up, promising and exciting-looking edition.

Acknowledgements

3 I want to acknowledge the efforts that Euston and his team have undertaken to make this possible. As anyone who has organized a major conference would know, there is a lot of sacrifice involved. Time and effort – especially when you have only one full time secretariat staff, and all your other organizing members are volunteers. Creativity – not just to draw up an

interesting and exciting program for the participants, but also to extract the maximum out of what I know in this case to be a bit of a shoe-string budget.

4 As an economist, I have to conclude that in spite of all the difficulties and sacrifices, this project must have given Euston and his team a sufficiently large payout in terms of satisfaction and sense of achievement. So let me thank and congratulate them on a job well done. Euston, I hope – for our benefit – that you will continue to organize this conference as a labor of love for many more years to come.

A milestone in the development of economic research in Singapore

5 Now, in a way, this conference can also be seen as a milestone in the development of economics in Singapore.

6 In academia, the last decade alone has seen our universities make big strides in the scope and quality of their research. For a long time, the stronghold of Economics was NUS. A few years ago, SMU came along with its School of Economics and Social Science. More recently, NTU set up its new School of Humanities and Social Sciences, and the Division of Economics became a major division in this School. All three universities have good solid foundations and core strengths. And all three appear to be developing different specializations. NTU has focused on applied economics, with an emphasis on Singapore issues. SMU is establishing a niche in econometrics and modeling work. NUS continues to be strong in mainstream theoretical economics. However, it has also started to tweak the balance in its curriculum and research agenda to give greater emphasis to applied- and policy research. So our academic scene should blossom in the years to come. Greater scope and more depth.

7 In the public sector, economists are now a much larger and more visible group compared to ten years ago. When I joined MAS in 1996, MAS had one economics department staffed by about 15 economists. Across the government service, you could probably count with your fingers on one hand the number of officers practising as economists. Most ministries and statutory boards probably had none. Today, MAS has two departments of about 40 economists. The government service has in place an economist scheme. Most of the officers under this scheme are in MTI; a number are posted to various ministries. Even officers who are not economists by

designation or vocation find that frequently, they need to apply some economic theories to analyze issues, go through various policy options, and present recommendations.

8 In the private sector – where the market for economists tends to be more cyclical, economics as a field and profession has experienced a strong revival in the past few years. Back in the dark days of the Asian Financial Crisis and the intermittent years of slower growth in the early 2000s, economists often bore the brunt of aggressive cost-cutting by research houses and financial institutions. Never before had the blades of the scissor of supply and demand been so sharp. Perhaps some people thought that with the bleak economic outlook, “what is there to research anyway?” So, many of the economists out there in the private sector went into public service, consulting or teaching. Others reinvented themselves as investment advisors, perhaps bankers. Today, the picture is remarkably different. The economy has turned around. The outlook is positive. The financial sector is developing well. You need some economics for just about everything from fund management to treasury activities. Suddenly, it seems, there are lots more trends to follow, issues to make sense of, and money-making opportunities to identify. Economists are once again in demand by financial institutions and investment houses. They are valued for their views on the economic outlook of countries and their analyses of financial markets.

9 So there are developments on several fronts coming together to position Singapore as a regional hub for economic research, views and ideas. Different interests, different focus, different styles. You have the academics studying trade linkages, production networks, technologies and labor markets using sophisticated econometrics. You have the public-sector economists working on issues such as wage stagnation, income gaps and social disparity, adequacy of retirement funding, and designing welfare/workfare programs. And you have the private-sector economists looking at macroeconomic trends, capital flows, financial markets and giving investment advice.

10 But it is precisely this mix of economic research and activities which has made things so interesting. New issues are being looked at. Gaps are being identified. Old problems or issues are being re-examined through the lenses of economists from different backgrounds and with different research methodology. And along with that, a marked increase in the number of seminars, workshops and conferences on everything from the hot property

market, the regional economic outlook, the development of the international financial system to more esoteric and technical topics such as the influence of fertility rates on exchange rates or the benefits of volume-conditional order crossing. Indeed today's conference – the turnout, the many experts from around the world, the range of topics and issues to be covered – suggests that Singapore could be a regional hub for economic research. This is indeed exciting times for the economics profession.

What about the future?

11 What about the future? There is certainly a lot more room to grow. We need to consider how to maximize the use of the talents we have in Singapore and how to groom and attract more talents both in Singapore and from abroad. There are several favorable factors. Increasingly, our academics are devoting more time and expertise to policy issues; and I'd like to think this is a logical conclusion to their search for meaning in what they do. The universities have encouraged this re-balancing in focus. Hence, the setting up of SCAPE (Singapore Center for Applied and Policy Economics) at NUS, and the Economic Growth Center at NTU. At the same time, the government has reached out and co-opted more academics and private-sector economists into study groups and committees that used to be contained entirely within the ministries and statutory boards. More recently, the Economic and Social Research Network (ESRN) was formed to create a forum for cross-disciplinary studies and debates on issues with multiple socioeconomic dimensions. The idea is to bring public servants, academics, think-tankers and private-sector economists together to define problems, air different views, and think creatively about solutions. There are also suggestions to set up an economic research institute (ERI) to promote and undertake independent research on policy issues of relevance to Singapore and the Asian region

12 In this context, I hope our universities will continue to encourage our academics to undertake collaborative efforts, both within the local circle and with foreign universities, to do even more applied research on policy issues of relevance to Singapore and the region. And to do so on a sustained basis.

13 For this to happen, I think we need to address a few issues. First, the “publish or perish” mentality in academia needs to be reformed. When I first came to Singapore, I was surprised by the paucity of research on policy

issues by economists in the local universities. Then I found out something. Our universities were encouraging their staff to do research that could be published in top academic journals. And many academics were doing so with fervor. Amongst them were young faculties, just starting out, keen to contribute, prove themselves and secure their tenure. Unfortunately, this had the unintended effect of diverting almost all the energies away from issues that were important and of immediate relevance to economic policymaking but potentially less “marketable” to academic journals. Some re-balancing would be in order, and it has to be a sufficiently decisive re-balancing.

14 Second, lack of data. Many academics, private-sector economists, and even public-sector economists have expressed frustration at the lack of data on many important aspects of the Singapore economy. I am sympathetic. Data is the basic ingredient for applied research. It has no inherent value in itself. But it becomes valuable if researchers use it to identify issues, frame and analyze problems. Skilful use of good data can throw light on debates rendered murky by the lack of empirical evidence to support opposing viewpoints.

15 As the Singapore economy grows and its linkages with the region and the rest of the world deepen, economists need to keep pace with the changes, in terms of studying and understanding complex issues and phenomena. A comprehensive and timely database is one of the basic requirements. And it should be reviewed periodically. Is the coverage adequate? Are more data needed due to the emergence of new issues? Does it allow good comparative analysis? Are data being released in a timely manner? To the extent possible, data collected by government agencies should be made readily and freely available to the research community. This will encourage the academic economists to “mine the data” and add value by enhancing our understanding of the economy.

16 Third, funding. In recent years, the government has recognized the important role played by research and development (R&D) in enhancing economic development. Substantial funding has been allocated to R&D in science and engineering to support industries. But the research funding has been directed mostly to those areas which have potential commercial spin-offs. Economic research which has commercial value is being undertaken mostly by financial institutions. What is lacking in my view is funding for economic research on social issues which could have significant impact on

our understanding of the issues and the design of policies. More could be done in this respect.

Conclusion

17 Ladies and Gentlemen, let me conclude. The economics profession and economics as a field have grown significantly in the last few years. The conference today can be seen as a milestone in this development, and it suggests Singapore could play a role as a regional hub for economic research. As I've said, there are challenges to overcome in some areas but they are not insurmountable. On the whole, circumstances are favorable and I am optimistic that the field of economics and our profession will continue to grow and bloom in the coming years.

18 On this note, I wish you all an exciting and fruitful conference.

19 Thank you.