

SPECIAL MESSAGE FROM THE PRESIDENT ON THE OCCASION OF THE 30TH ANNIVERSARY OF PEM



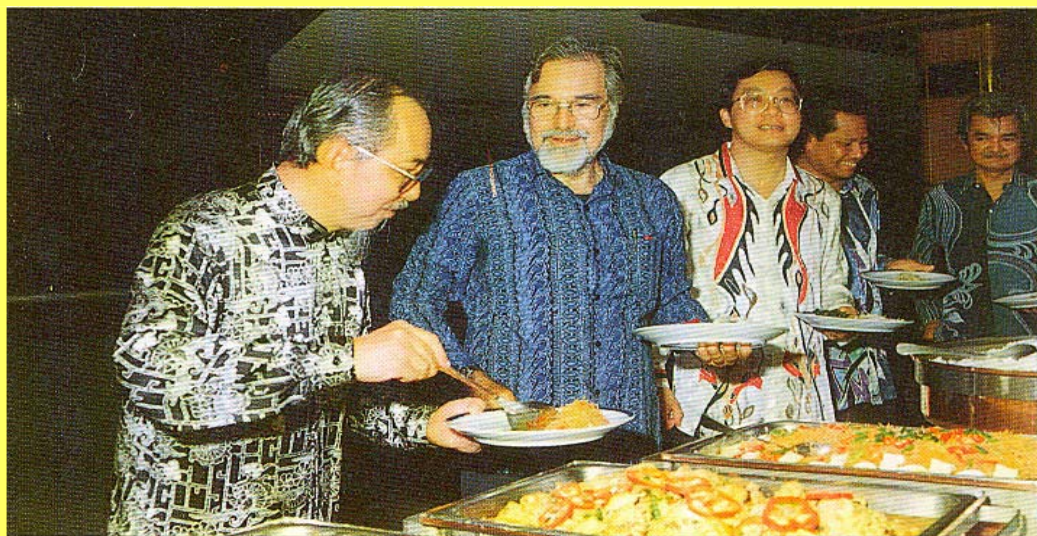
Tan Sri Dato' Dr. Lin See Yan

As the Persatuan Ekonomi Malaysia (PEM) celebrates its 30th Anniversary, I am sure its founding members (namely Royal Professor Ungku A. Aziz, Tun Ismail bin Mohamed Aji, Raja Tun Tan Sri Mohar bin Raja Badiozaman, Tan Sri Jamil Rais and Encik Siew Nim Chee) will agree with me that the Association has come a long way. Indeed, the PEM has grown beyond recognition since its formation on November 5, 1962. Membership has increased to more than 700 as at the end of 1991, as against 47 registered members at the time of its inception. And, as membership expanded, so too had the PEM's financial resources. As at the end of 1991, the Association's total assets amounted to slightly over RM800,000, compared with only RM1,832.24 at the end of 1970. Certainly, a feat which

would make any "father" proud.

More importantly, the success or failure of any association should be measured in terms of its ability to fulfill the objectives for which it was established. In this regard, I am proud to record that the PEM has become increasingly active and successful (I think) in meeting its primary objective to "stimulate public interest in economics and to encourage the study and discussion of economic problems, with special reference to Malaysia". Over the years, the PEM has expanded to reach all segments of society mainly through its publications, viz. the Malaysian Journal of Economic Studies (formerly the *Knjian Ekonomi Malaysia*), the *Ekonomika* (its quarterly newsletter) as well as Occasional Papers on topical issues. More recently, it inaugurated a PEM Column in a daily newspaper, the *Star*,

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Past and Present Leaders of PEM at a recent function,

9 January 1992

From left: Tan Sri Dato' Dr. Lin See Yan (President of PEM), Royal Professor Ungku A. Aziz (First President & Founding member of PEM), YB Dr. Fong Chan Onn, Deputy Minister of Education (Former Vice President of PEM), YB Tuan Haji Abdul Ghani Hj. Othman, Deputy Minister of Finance (Former Vice President of PEM) and Dato' Dr. Mokhzani Abdul Rahim (Longest serving former President of PEM)

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aimed at educating the public on topical economic issues of current public interest. In addition to its regular seminars and conferences, the Association organises public talks and discussions by visiting prominent personalities in the fields of economics and finance. Particularly popular is the PEM's annual series on the Post-Budget Panel Discussion, which has since established the reputation of being the first privately-organised forum to be held immediately after the release of the Federal Budget. For this occasion, it has now become traditional for the Secretary-General of the Treasury to be the keynote speaker at this forum and he is usually joined by a distinguished panel of commentators representing commerce and industry, the economics professional, the tax expert fraternity, and consumer interests.

In line with the objective to reach the widest possible audience, the Association has opened its doors to 4 types of membership, namely, Corporate, Associate, Student and Overseas. Because of its widespread support, the PEM can now claim to be a truly national association of academics and practitioners, economists and professionals, with wide representation not only from the universities but also from the business and professional community in both the public and private sectors. Its Directory of Members is updated on a regular basis to keep track of its national membership as well as to serve as a reliable reference source for the general public, particularly those seeking to identify expert members in the various fields of economics available in the country.

As the membership expanded, so too have the aspirations of the demands on the Association. This is reflected in the PEM's increasing range of activities. The Association is actively involved in public discussions on key economic issues and policies of national interest, with the aim of providing up-to-date and expert information to the public, and advice and expertise to the authorities, especially in the design and formulation of well thought-out policies for the nation. Indeed, the PEM is increasingly being recognised as the primary source of economic expertise, and is frequently called upon to "represent" the economics

profession. The Association is a regular participant at the annual Budget Dialogue conducted by the Ministry of Finance. For this purpose, the PEM has been called upon to submit memoranda on the annual Federal Budget to the Ministry of Finance, outlining its views on macroeconomic policy management as well as proposals for the current Budget and its strategy to meet the national interest.

March 7, 1991 opened a new chapter for the PEM, when the Association established a trust fund, the Yayasan MEA. The main objective of the Yayasan is to promote excellence in education in the field of economics, through the provision of scholarships and prizes, as well as financial support for excellence in the teaching of economics, for better public understanding of economic issues and problems, and for economic research. To promote excellence in economic writing, the Association has worked hard at generating a deeper appreciation and wider interest among economists and the public alike in writing about all things pertaining to the understanding of economics, and on economic development and key Malaysian issues of public concern. The PEM is proud to have been appointed in 1992 by the Tun Abdul Razak Foundation to develop and design new awards in the name of Tun Abdul Razak for excellence in written contributions on the Malaysian economy, and to administer the expert selection of likely recipients of these awards. The prizes are intended to recognise outstanding written works in a variety of media, including published articles in leading economic journals, books, academic dissertations and applied policy papers on economic development in Malaysia. Of late, the Association has also ventured into the provision of consultancy services, with the aim of marshalling economic expertise available within the Association for use by Government and business. Equally important, one of the objectives is to bring the academic fraternity into the mainstream of real economic everyday life.

Truly, the PEM has come a long way in its drive to become a professional body, dedicated to the pursuit of excellence in the study and understanding of economics. We could not have achieved all this without the firm support of our members and friends. Membership is

our main source of strength. To stay "alive", we need the continuing support and active participation of our membership in seeking out new ideas and fresh approaches to expand the activities of the Association. We aim to extend our reach to the widest possible audience; indeed, it is our intention to be a truly national institution. In this regard, the PEM is working towards establishing more branches throughout the country, in addition to the one in Penang. In particular, we would welcome initiatives from our members and friends in Sabah and Sarawak towards this end.

The Association is most fortunate to have the strong support and encouragement from its many friends and sponsors. We are particularly grateful to the Dean of the Faculty of Economics and Administration, University of Malaya, for providing office space for the Association's Secretariat. The PEM is especially indebted to the staff of the Faculty of Economics and Administration, University of Malaya and Bank Negara Malaysia for their assistance and support in organising the PEM's many activities. Indeed, the rapid expansion in the Association's activities in recent years has strained the capacity of its small Secretariat and an immediate task ahead is to appoint a full-time Executive Secretary to manage and coordinate the Association's many activities for the benefit of members. "Thinking" has already started to eventually have a permanent "home" for the Association.

The PEM expresses its appreciation and heartfelt thanks to our corporate sponsors; without their financial support, many of its projects and activities could not have been the success they have been. The Association is indebted to the Press for supporting all its activities, especially in providing publicity for the PER. We are particularly grateful to the Star publication for providing space for a regular "PEM Column" to foster greater public awareness and understanding on topical economic issues and developments. With the continuing support of all, I am certain, indeed confident, that the PEM will be able to scale greater heights in the future, and truly play its part in helping the nation meet the noble objectives of Vision 2020.

Tan Sri Dato' Dr Lin See Yan
President

**POST-BUDGET PANEL
DISCUSSION
OPENING STATEMENT
BY TAN SRI DATO' DR. LIN SEE YAN**

Ladies & Gentlemen,

The Association is fortunate that in recent years we have been able to begin to establish traditions, and one of these traditions is to be the first to hold a post-budget dialogue. We have been able to do this with the support from the Treasury as well as being able to maintain good relationship with the Treasury so much so that the Secretary-General of the Treasury has agreed that this would be the first forum that he would address for the budget.

We are very fortunate today to have with us our guest speaker Tan Sri Mohd Sheriff (Secretary-General of the Treasury), who will paint for us the broad brush following from what the Minister announced in Parliament yesterday on his 1993 budget. Tan Sri Sheriff would be providing us with more background, in particular the rationale behind the budget.

We are also very pleased to have with us, the head of the Deputy Secretary-General of the Treasury - Mr Clifford Herbert, who will lend support to the Treasury. I would like to take this opportunity to congratulate the Treasury for having done an excellent job again.

The Association has been asked to give some general comments on the budget, which I will do now very, very briefly.

After looking at it, we think it is a very balanced budget. Balanced as it sets out a very meaningful balance of objectives in the budget strategy. It balances the Government's books certainly and the nation's finances. It maintains a right balance of policies - fiscal, monetary and administrative. It also provides a healthy balance of benefits and disincentives of gains and losses. The budget manages a correct balance of tax measures, of direct and indirect taxes, on production and consumption and on goods as well as services.

Finally, I think it strikes a good balance between its stress on growth and distribution, on material and social goals, and on the economic and quality of life issues of public interest.

**POST BUDGET PANEL
DISCUSSION**

**SPEECH BY
TAN SRI DATO' MOHD. SHERIFF KASSIM,
SECRETARY GENERAL TO THE TREASURY
SATURDAY, 31 OCTOBER 1992**

Growth Forecast for 1993

The 1993 Budget expects the Malaysian economy to grow at a lower rate of 8% per annum compared to the average growth of 9% per year over the last four years and 8.5% in 1992. The slower growth for 1993 reflects the trends in recent months where indicators such as industrial production, imports of capital goods, retail sales, bank loans and advances, although still growing, have slowed down somewhat implying that consumption and investment expenditures will be growing at a slower pace and that this trend of a slow-down in domestic demand will continue into 1993. Thus, private consumption is expected to grow by 4.0% in real terms in 1993 compared to the growth rates of 10 to 16% in the last five years, while private investment is also projected to grow at a more moderate pace of 8.2% compared to the 20% - 30% growth in the 1988 - 1992 period.

2. With the slower expansion of domestic demand, the pressures on imports will also lessen. On the other hand, Malaysia's exports are expected to remain strong in view of the faster growth expected in the world economy next year. We forecast that the economy will show an improved resource balance situation next year. Thus, the balance of payments is expected to continue improving, with the current account deficit falling sharply from RM12.7 billion in 1991 and RM8.2 billion in 1992 to only RM4.58 billion in 1993. On top of this, the inflow of foreign capital especially for investment remains strong, so that there will be a healthy build-up of foreign reserves which now stand at a record level of RM43 billion, sufficient to finance 5 months of retained imports and which for the first time, exceeds the total external debt of RM40 billion.

Inflation

3. Although the expansion of domestic demand is slowing down, the level of aggregate demand is still high and, with money supply being still above the targeted level, the potential for further price pressures being exerted on the economy is still there. Some may say that the rate of inflation at 4.6% is not alarming, particularly so if we compare it with our neighbouring countries, but it has nevertheless generated concerns given that the rate remains high and has not reduced since August 1991 despite the tight monetary policy.

4. The Government therefore has to continue with the tight monetary policies so that the inflationary pressures are not increased. Given that the current monetary stance is already tight, any further tightening will lead to further increases in the already high interest rates and strengthen further the ringgit which could affect the competitiveness of Malaysian exports. Therefore, instead of relying mainly on monetary policy to curb demand, the fiscal stance will have to bear a greater burden in diffusing the inflationary pressures. The

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1993 Budget has therefore made a major move towards ensuring that the Federal Government expenditure next year will be brought down to a lower level in order to indicate a firm fiscal policy towards reducing the level of spending in the economy and thereby reduce the pressures of too much demand in the economy leading to inflation.

5. In addition to monetary and fiscal policies, the Budget Strategy for controlling inflation will also be complemented by measures to increase food supply, liberalise imports and encourage the public to increase savings.

6. The increase in food prices appears to be highest compared to other categories in the Consumer Price Index. The Government has decided that stronger efforts be made to increase food production. To increase food supply, a fund will be created by Bank Negara as a Supplementary facility under the New Investment Fund to promote investment in new productive capacity for primary food production including sea-food, both

fresh and sea-water, animal husbandry, vegetables and fruits, as well as to encourage the efficient marketing of food and food products. This fund which will be funded by Bank Negara will have a maximum facility of \$300 million and it will be channelled through all commercial banks at a low rate of interest so that they can lend at a rate similar to the rate charged under the New Investment Fund and still earn a satisfactory margin on the loans. The other details regarding the implementation of this fund will be announced in due course but at this stage, I can only say that the fund is temporary in nature aimed to alleviate the current shortages in food production. The scheme will be terminated upon full utilisation of the \$300 million fund.

7. Another prong of the anti-inflation strategy to increase Supplies is to liberalise and reduce and in some cases abolish the import duties on 600 imported goods including foods, vegetables and fruits and household goods, clothing and electrical consumer goods. A number of protective duties have also been reduced as part of the trade

liberalisation measures proposed under the GATT negotiations and as commitment towards implementing the Common Effective Protection Tariffs Scheme under the proposed ASEAN Free Trade Area arrangement.

8. It is hoped that with the reduction and removal of these import duties and the strong ringgit, the cost of imports will be reduced by our importers and traders and passed on to benefit the consumers by way of cheaper prices for consumer goods.

9. Another measure to reduce the inflationary pressures is to encourage savings. Thus the Budget proposes to abolish the tax on dividend income earned from investment in corporate bonds which are issued by non-listed companies as an incentive for more people to save and invest in these Securities. Further, the contribution to EPF by employees and employers will be increased by 1%. In addition, the Ministry of Finance has approved a proposal for Bank Negara to issue savings bonds up to \$1 billion in denominations which will enable even small savers to purchase these bonds.

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From left: Mr Francis Huang (FMM), Mr Clifford Herbert (Treasury), Tan Sri Dato' Mohd Sheriff Kassim (Treasury), Tan Sri Dato' Dr Lin See Yan (Chairman), Dato' Malek Merican (AMMB), Mr Kang Beng Hoe (Price Waterhouse) and Dr Sothi Rachagan (FOMCA)

Four guest commentators were invited to give their brief view on the impact of the budget on the economy. The panel of speakers consisted of Dato' Malek Merican (Arab-Malaysia Merchant Bank), Mr. Francis Huang, (the Federation of Malaysian Manufacturers), Dr. Sothi Rachagan (the Law Faculty, University of Malaya representing the FOMCA) and Mr. Kang Beng Hoe (Price Waterhouse).

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The details on the terms and conditions on the issue of these savings bonds will be announced later for implementation in January 1993.

10. With the package of monetary and fiscal policies and the new measures to increase supplies, and encourage savings, we expect the rate of inflation to reduce to 4% next year. If this projection of lower inflation is realised, we can expect to see some loosening of monetary policy.

The Federal Expenditure Budget

11. The 1993 Budget provides for a total allocation of RM44.144 billion for Federal operating and development expenditure, which represents a decrease of \$3.9 billion or about 8.1% over the estimated expenditure of RM48.054 billion in 1992.

12. The 1993 expenditure allocation for the Federal Government budget reflects the strategy of fiscal prudence mentioned in the Budget Speech, aimed at controlling aggregate demand in the economy and reducing inflationary pressures. With this strong fiscal policy to control expenditures, the Federal Government surplus on the current account will increase to a record level of \$6.81 billion next year, compared to \$4.3 billion in 1992 and \$2.7 billion in 1991, while the overall deficit will be reduced to the lowest level of 2.1% as a percentage of GNP. 13. The main thrust of the expenditure restraint is on the operating budget which accounts for about 73% of the Federal Government's total budget. The allocation for operating expenditure in 1993 is RM32.29 billion which is lower than the allocation of RM35.25 billion in 1992 by about 8.4%. In all, 11 Federal ministries will receive either no increase in allocations or a lower amount next year for their operating budget, while another 6 ministries will receive a small increase ranging from 0 to 5%. Eight other ministries will receive bigger allocations but this is unavoidable especially in such ministries as

Education, Human Resources, Health, Primary Industries and Defence because of the expansion of programmes in these sectors.

14. The bulk of the operating expenditure, about RM13.5 billion or about 42% is spent on salaries, pensions and other emoluments of Federal

expenditure programmes and introduce measures to cut costs in every way possible.

15. In the case of development expenditure, if we compare allocation to allocation, the 1993 Development Expenditure allocation of RM11.854 billion is smaller compared to the



From left to right: Dato' Malek Merican, Mr Kang Beng Hoe, Dato' Dr Mazlan Ahmad, YB Tuan Haji Ghani Hj Othman, Tan Sri Dato' Dr Lin See Yan, Tan Sri Dato' Mohd Sheriff Kassim

ministries and statutory bodies. This expenditure component has been increasing rapidly from about RM9 million in 1988, with the highest increase being in 1992 (RM13.372 billion) due to the implementation of the new salary scheme for public servants. In addition to this expenditure, there are two other categories of 'locked-in expenditures' i.e. debt servicing and constitutional grants to State Governments which together account for about 26% of the operating budget. Altogether, these fixed expenditures account for 64% of the Federal operating budget leaving only about 36% available for other expenditures. With the expenditure cuts which have been made on a number of ministries, they will be operating on a tight budget next year to maintain their normal operations. They will therefore have to exercise the greatest care in their

revised allocation of RM 12.8 billion for 1992. Thus the allocation for development expenditure in 1993 is also in line with the firm stance of the prudent fiscal policy enunciated in the Minister's Budget Speech.

16. Apart from the macro economic consideration, another reason for scaling down Federal development expenditure is to avoid the duplication of investment expenditure with the privatised agencies and Non Financial Public Enterprises (NFPEs). Most of the major infrastructure investments are now being undertaken by the privatised corporations such as PLUS, Tenaga Nasional and Syarikat Telekom. In addition, corporations such as PNB and Proton together with certain large private sector companies are also undertaking an

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increasingly active role in implementing programmes for the development of Bumiputera commercial and industrial businesses through the vendor system. As more and more of the responsibilities for training and developing Bumiputera entrepreneurs are undertaken by privatised corporations and NFPEs, the Federal Government does not have to provide large expenditure allocations as before to agencies such as MARA, PERNAS and the SEDCs for the development of Bumiputera in commercial and industrial activities.

17. As regards poverty eradication and the development of the rural and agricultural sector, the Federal development budget will continue to provide adequate provisions for education, health, rural roads, water supply, electricity and telephone. Access to most of these facilities and amenities in the rural areas of Peninsular Malaysia had already reached high levels and therefore there is less pressure for substantial increases in expenditure in Peninsular Malaysia for these services.

The Government's anti-poverty programmes are now being shifted from the broad based approach of the past towards a narrower focus on the hard core poverty groups through the special programmes being implemented by the ICU and the Amanah Ikhtiar Scheme to expand income generating projects among the poorest rural households. Programmes which have a direct impact on the target poverty groups such as these will continue to be expanded and they have therefore been given the necessary allocations. However, those agencies involved in land development programmes such as FELDA, FELCRA, RISDA and the regional development authorities where the poverty impact is more general than target specific, have been given less allocations under the Budget as the ^{problem} of unemployment and poverty in the rural areas has diminished significantly with the spread of industrialisation and the growing shortage of labour in the major industrial regions of the country.

18. Thus, there has been a reprioritisation of development spending in the 1993 Budget to ensure that the expenditure for the next year is undertaken within the \$55 billion

ceiling set under the Sixth Malaysia Plan. As a result of such reprioritisation, the Government is able to include the large projects which were not included in the 6th Plan such as the Sepang airport and the purchase of military equipment within the Budget, while continuing to implement the high priority projects in education, health and infrastructure development.

The Tax Proposals

19. The tax proposals in the 1993 Budget covering both direct and indirect taxes will involve a total net loss of RM463.3 million in revenue to the Federal Government. The main sacrifice in revenue will come from the reduction of the corporate tax from 3.5% to 34%, the complete abolition of the remaining 2%, development tax and the reduction of the personal income tax for both the lower and higher tax brackets. These tax reductions are part of the ongoing process to reduce corporate and personal income taxes in Malaysia to levels which are more competitive with other countries in the region so as to encourage domestic investments and to make the country more attractive to foreign investors. We also hope that as the corporate and income tax levels are brought down, this will pave the way for reducing further the various incentives and exemptions of tax that are given especially to the manufacturing sector, so that all sectors of the economy can have the same tax treatment.

20. On indirect taxes, the reduction and abolition of import duties on some 600 items and the reduction of the import duty on gold to 5% will involve a revenue loss of RM369 million but this will be compensated by the increase in duties on cigarettes and liquor, amounting to an additional revenue of RM344 million, while the extension of the service tax



Mr Siew Nim Chee (Malay – Sino Technologies) posing a question to the speaker at the same talk

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YB Dr Tan Seng Giaw
raising a question to the speakers

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to include telecommunications services, Security services, recreation clubs and property agencies will bring in about RM180 million. In addition, the increased stamp duty on instruments for the transfer of properties will provide about RM120 million in additional revenue.

21. The process of strengthening the sales and service taxes and expanding their scope will be undertaken as part of the ongoing efforts to prepare for the implementation of the unified Sales and Service Tax (SST) which has been announced in the Minister's Budget Speech. As a follow-up to this Budget announcement, the Treasury and Customs Department will be conducting a series of discussions and dialogues with the private sector to examine the methods of implementation so that the SST can be carried out efficiently when the Government decides to put it into effect. When it is implemented, the SST will replace the existing sales and services tax to become a more effective instrument for raising Government

revenue in the future.²² As a broad based tax on consumption, the SST will cover the wholesale, manufacturing and retail levels. It will incorporate a system of credit so that the taxpayer gets an immediate relief on the tax paid on the goods when he sells the goods to another party purchased for his business. This credit system will ensure automatic compliance in paying the tax, thereby increasing revenue yields in a much more efficient manner. However, it is important that the public be adequately informed about the workings of the tax so as to avoid confusion during implementation and to allay fears that traders and businesses will take advantage of the tax to increase prices unreasonably. In planning the implementation of the tax, efforts will also be made to identify ways and means of exempting certain categories of goods and services so that the poor are not adversely affected.

Financing Facilities for Housing

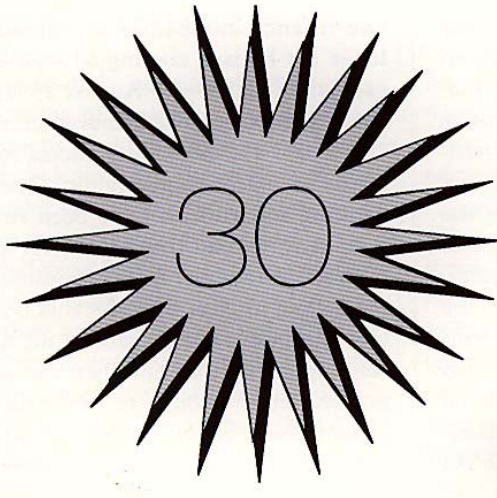
23. On March 30, 1992 Bank Negara

announced guidelines on lending for housing, requiring commercial banks and finance companies to extend loans for houses costing \$100,000 each and less. Up to August 1992, these institutions had achieved only 16.4% and 19.7% of their quotas in terms of value respectively. The banking institutions have been reluctant to extend these loans for a number of reasons, mainly because the ceiling interest rate of 9% is below the base lending rate of most banking institutions and therefore is not attractive enough to make the loans viable. In order to ensure the target for medium and low cost houses can be met, a subsidy of 1% will be provided to the banking institutions to encourage them to lend at the same ceiling rate of 9%). The details of this lending facility are being worked out by Bank Negara and will be announced soon. The subsidy is temporary and may be withdrawn when the 13LKs fall sufficiently to make it worthwhile for the banks to lend for such housing without the subsidy.



The Closing of the Post-Budget Panel Discussion

**From left: Mr Clifford Herbert, Tan Sri Dato' Mohd Sheriff Kassim,
Tan Sri Dato' Dr Lin See Yan and Dato' Malek Merican**



PAST, PRESENT AND FUTURE OF PERSATUAN EKONOMI MALAYSIA NORTHERN BRANCH

Formed some eighteen years ago largely by senior management staff of Penang Development Corporation (PDC), led by Datuk Chet Singh and a senior academic staff of Universiti Sains Malaysia (USM), to bring together professional economists or those with related disciplines working in the Northern States of Malaysia (meaning Perlis, Kedah, Pulau Pinang and Perak) for exchange of experience to upgrade economic skills in various field of endeavours, PEM Northern Branch (PEMNM) has since developed and grown a long way. Not only has membership size increased to a highly respectable level of 188 (on the last count), its structure has also been transformed to one where public and private sector professionals have also become almost equal proportionately. Incidentally, it has now within its fold, significant number of businessmen or entrepreneurs.

In the formative or initial years of its existence, PEMNM's activities were largely confined to the holding of short seminars and the biannual PEM economic convention held on rotationary basis between Kuala Lumpur and Pulau Pinang. Within the narrow confines of these activities, PEMNM somehow managed to earn a name for

itself (at least in the North) as a respectable no-nonsense type of 'professional' association which makes regular efforts to help create awareness of economic issues confronting the nation. In the process of doing so, PEMNM also hoped to help influence or shape public policies and administrative procedures in the public sector and also provide useful guidelines and pointers to those in the private sector. It is not too presumptuous to add that the 1970's and early 1980's represented the times when the average Malaysians including

professionals and the highly educated took not so high a level of interests in such matters. In this respect, PEMNM served the purpose of its roles and objectives in the early years of its existence.

Things began to change in the late eighty's. The average Malaysian became more interested in national economic policies. The often heated economic debates in State Assemblies, Parliament and even the National Economic Consultative

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PEM Northern Branch

Annual Dinner & 30TH Anniversary Celebration

A first ever Annual Dinner will be held in conjunction with the 30th Anniversary Celebration for the PEM Northern Branch.

Date : January 14, 1992

Time : 8.00 p.m

Venue : Shangri-la Penang Grand Ballroom

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Council made even more exciting by various pressure groups in the mass media and other forums generated tremendous interest and following. People from all walks of life became more interested (or more excited, if you will) with the economic affairs of the nation. In response to this changing scenario, PEMNM in early 1991, began organising activities to match these needs in a loose but yet much more focused manner. Apart from participating in the regular economic conventions organised by PEM, (which incidentally now are also organised on a yearly basis by research organisations like MIER and think-tanks institute like ISIS), PEMNM held evening public discussion sessions on economic challenges confronting the nation and the state. This time around, PEMNM even went further by presenting its views and stands on various Public policies through the submission of special papers. Submissions were made to the Finance Ministry on matters pertaining to the Budget. Submissions were also made to the Pulau Pinang State Government on matters pertaining to the State's strategic development plan. PEMNM also participated in the 'Public Hearings' organised by the Pulau Pinang Municipal Council both orally and in writing.

In the departing from its normal passive style of acting as mere organiser of economic seminars to the pro-active style, PEMNM has slowly come out of its own shadow to earn its rightful place as an economic association which have enough conviction and commitment to stand-up on issues which are vital to the economic survival of the nation in general and the State in particular. This change in style and approach somehow brought PEMNM closer to the community. The local mass media for once, took better note of PEMNM's activities

and opinions. Gone were the days when PEMNM's opinions did not matter. It regained its position. It is as if it is now, once again worth listening to. Other groups or associations too, took the same view of PEMNM.

These positive feedbacks were indeed encouraging to PEMNM. It should be inspired and motivated to do more. On looking back, PEMNM ought to have taken a more active stance much earlier on economic and other related issues confronting the nation and the states. Matters such as these have been left largely in the hands of political leaders, economic planners, policy administrators and other pressure groups far too long. Until PEMNM decided to get involved, feedbacks on economic and related impact of government policies and the desired or appropriate economic response have been mainly provided by consumers' associations, environmental groups, trade unions, trade and industrial organisations, research organisations and various national think-tank groups. It was as if PEMNM had adopted a "Don't get us involved!" approach. The style or approach adopted than may have been appropriate for the period concerned. The 1990's, however, could be a much more different and demanding decade. With the global economic village likely to be fragmented into regional trade groupings, international environmental and other related issues getting more complicated, controversial and pressurising and economic prospects of a great number of countries, both developed and developing getting more discouraging, international economic policies and issues would likely dominate the international agenda. Malaysia being largely a very much open-economy is bound to be affected one way or another. The Northern States especially Pulau Pinang is unlikely to be spared. Instead of staying on the sidelines, it

might be more than ever necessary for PEMNM to get even more actively involved. It is its rightful place. After all, its members are supposed to have the theoretical and practical foundations in economics. For instance, PEM could participate more in the development plans of the four Northern States by seeking for representation in their industrial and related working committees where other private representatives are already present. Similarly, it could generate useful economic efficiency reports on the various local councils to help them perform better. To assist in economic and business planning, PEMNM could also generate useful economic signals report. These and other activities should be pursued on a regular basis by PEMNM. Apart from having greater opportunities to earn public approval for its possible contributions, PEMNM in more ways than one is also providing appropriate avenues for members to test or hone their skills in very productive ways, both for themselves and the State, too.

As stated earlier, the 1990's is expected to be a demanding and turbulent decade where small mistakes can mean the difference between success and failure and where unattentiveness can mean the difference between missed and realised golden opportunities. It is definitely a decade where more is expected of every individual, more so the professionals who are also expected to provide the brilliant strategies to take the economic destinies of the world to better levels. Almost the same expectations should prevail in the local context. Malaysians cannot expect otherwise. PEMNM should take heed of this and do its level best to discharge its obligations both to the community and to its members at large as well.

Mr Yeoh Poh Seng
Chairman
PEM Northern Branch



On The PEM

The Persatuan Ekonomi Malaysia was founded in 1962 by professional economists from the University of Malaya, the public sector and industry. The Persatuan's objectives are to stimulate public interest in economics; to encourage the study and discussion of economic problems with special reference to Malaysia; to provide a means for persons interested in economics to exchange their ideas; to issue an economic review and other publications; to undertake such economic activities as the Association deems appropriate for the furtherance, promotion and execution of its aforesaid objects; and to collect or otherwise acquire sums of money for educational, scientific and charitable purposes and to establish and maintain foundations for such purposes. The Persatuan is affiliated to the Federation of ASEAN Economic Associations and the International Economic Association.

The Persatuan regularly organizes luncheon meetings and seminars on economic issues of current national interest. Our biennial Economic Convention and annual Post-Budget Panel Discussion are among our many well-known activities. The Persatuan also arranges for professional teaching of economics courses to the

private sector. Twice a year, the Persatuan publishes jointly with the Faculty of Economics and Administration, University of Malaya, an academic journal, the Malaysian Journal of Economic Studies (previously *Kajian Ekonomi Malaysia*). In addition, the Persatuan publishes conference proceedings and occasional papers as well as a regular newsletter, the *Ekonomika*, for its members.

Our members include academicians and a growing number from private organizations in the industrial and banking sectors. To strengthen the activities of the Persatuan and to extend membership, the Northern Branch was established in Penang in 1974. It has also been the tradition of the Persatuan to select prominent Malaysians for its Roll of Fellows (formerly Honorary Life Members) which includes the late YAB Tun Abdul Razak, the late YAR Tun Hussein Onn and YB Tan Sri Khir Johari.

THE FOUNDING MEMBERS OF THE PERSATUAN EKONOMI MALAYSIA

Royal Professor Ungku bin A. Aziz
Mr Siew Nim Chee
Tun Ismail bin Mohamed Ali
Tan Sri Jamil Rais
Raja Tun Tan Sri Mohar bin Raja Badiozaman

PAST AND PRESENT PRESIDENTS OF PERSATUAN EKONOMI MALAYSIA

1962 – 1966	Royal Professor Ungku A. Aziz
1966 - 1968	Raja Tun Tan Sri Mohar bin Raja Badiozaman
1968 - 1970	Mr Siew Nirn Chee
1970 - 1972	Mr Choi Siew Hong
1972 - 1988	Dato' Dr Mokhzani bin Abdul Rahim
1988	Tan Sri Dato' Dr Lin See Yan



An Occasion that marked the 25TH ANNIVERSARY celebration of PEM in conjunction with the Ninth Economic Convention (19 Nov 1987)

From left to right: Raja Tun Tan Sri Mohar bin Raja Badiozaman, Tun Ismail bin Mohamed Ali, Dato' Dr Mokhzani, Tan Sri Jamil Rais, Mr Siew Nim Chee, and Dato' Chet Singh

**COMMEMORATIVE MESSAGE FROM
YM ROYAL PROFESSOR UNGKU A. AZIZ
ON THE OCCASION OF THE 30TH ANNIVERSARY OF
PERSATUAN EKONOMI MALAYSIA**

The founding fathers of the Persatuan Ekonomi Malaysia were genuine pioneers in the sense that *they* had to establish an association in an environment where virtually everything was new.

In spite of the small number of dedicated economists, most of whom were university academics who were supported by enthusiastic colleagues in the public sector, an association was registered and in due course a journal, "Kajian Ekonomi Malaysia" was duly published.

It is most gratifying to reflect on the growth of membership and the continual rise in the quality of products that are regularly offered by the PEM.

Most of the talks and seminars are no longer held in the rather spartan lecture theatres of University of Malaya; they are now well attended in plush environment of 5 star hotels.

Many difficulties have been overcome to keep the journal afloat. A well turned out newsletter "Ekonomika" is further evidence of the dedication of the economic fraternity who supports our Association.

I am delighted to be able to contribute to the joy of this occasion



Royal Professor Ungku A. Aziz



Significant Landmark of PEM-FESTSCHRIFT, 9 January 1992
Royal Professor Ungku A. Aziz receiving a special volume of the Malaysian Journal of Economic Studies, titled "Essays in Honour of Ungku A. Aziz: a Festschrift Volume" from Tan Sri Dato' Dr Lin See Yan



Filephoto
From left: Tan Sri Dato' Dr Lin See Yan, Dato' Dr. Mokhzani bin Abdul Rahim & Mr. Siew Nim Chee

MEMBERSHIP

Membership is open to all who are interested in the objects of the Persatuan and are of five kinds, namely Ordinary Membership, Corporate Membership, Associate Membership, Student Membership, Overseas Membership and Fellowship.

Ordinary Membership is open to all persons with a university degree in economics or with other qualifications, professional or academic, which the Executive Committee of the Persatuan considers acceptable for the purpose of this rule. Ordinary Members are entitled to attend and vote at all general meetings of the Persatuan and are eligible for election to the Executive Committee and for appointment to the Editorial Boards.

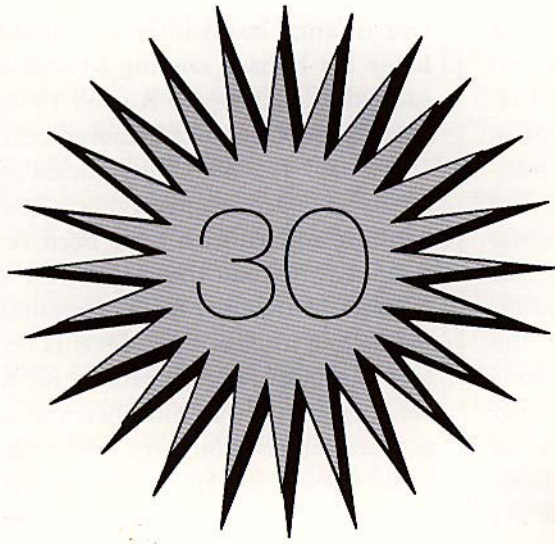
Associate Membership is open to any persons interested in the objects of the Persatuan. Associate members are entitled to attend all meetings, but are not entitled to vote at such meetings, nor shall they be eligible for election to the Executive Committee or appointment to the Editorial Boards.

Corporate Membership is open to any lawful institution or organization interested in the objects of the Persatuan. Each corporate member shall have a right to nominate a representative, known as a Corporate Representative, to any general meeting. Each Corporate Member is entitled to one vote at general meetings and is eligible for election to the Executive Committee provided such representative possesses a university degree in economics or other qualifications, professional or academic, which the Executive Committee considers acceptable.

Student Membership is open to bona fide students in educational institutions. Student Members are entitled to attend all meetings of the Persatuan, but shall not be entitled to vote at such meetings, nor shall they be eligible for election to the Executive Committee or appointment to the Editorial Boards.

Overseas Membership is open to all persons with a university degree in economics or with other qualification, professional or academic, which the Executive Committee of the Persatuan considers acceptable and whose permanent residence is outside Malaysia. Overseas members are entitled to attend all meetings but are not entitled to vote at such meetings, nor shall they be eligible to the Executive Committee.

Membership entitles individuals and institutions to the Persatuan's newsletter, *Ekonomika*, and free subscription to the journal, *Malaysian Journal of Economic Studies*. Conference proceedings and occasional papers are available at special prices to members. Members may attend all functions organized by the Persatuan free of charge, or at reduced rates.

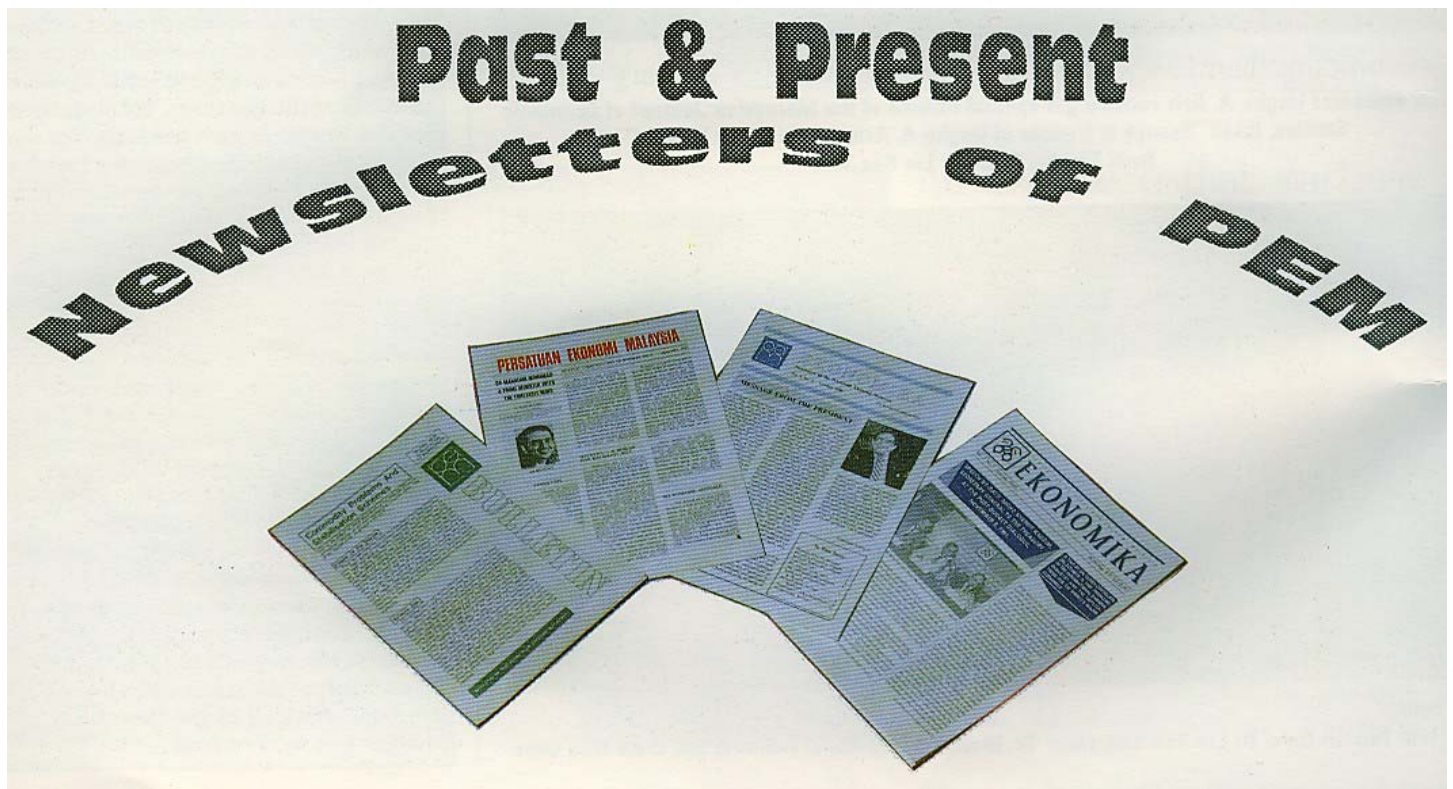


A HISTORY OF THE PEM NEWSLETTER

The PEM quarterly newsletter was first published in June 1975 as one of the special projects of the Persatuan Ekonomi Malaysia (PEM). In its inception, it was called the BULLETIN OF THE PERSATUAN EKONOMI MALAYSIA. In the early days, publication was irregular, and it functioned as means of disseminating information on the Association's activities on an ad hoc basis.

In 1978, the Bulletin took on a simpler title under the name, PERSATUAN EKONOMI MALAYSIA. Together with this change the original logo of PEM was also discarded.

A decade later the Bulletin adopted a new name called EKONOMIKA and carried on with the original PEM logo. With a new look and colour, the newsletter was aimed to reflect a more professional and dynamic outlook of more mature readers. In 1991, a new logo was introduced and from then on publication was made more regular on a quarterly basis. It is hoped that through EKONOMIKA, further premier activities can be shared more widely in this region. It is also the aim of PEM to expand the newsletter of the Persatuan Ekonomi Malaysia into a more pertinent and influential voice of the coming new century.





A NOTE OF THANKS TO ALL OUR SPONSORS

On behalf of the Association, we would like to thank all sponsors who have contributed so generously towards the sponsorship of the past issues of the newsletter of PEM. Below is a list of past issues and sponsors:-

Sponsors	Issues of Publication	
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“	March 1980	
“	October 1980	
	January 1982) EKONOMIKA Newsletter of the Persatuan Ekonomi Malaysia
Public Bank Berhad	October 1988	
Southern Bank Berhad	December 1988	
Petroliam Nasional Berhad	April 1989	
“	July 1989	
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Mega First Corporation Bhd	October 1992	

"A NOTE FROM THE SECRETARIAT"

The Secretariat would like to thank DR SHYAMALA NACARAJ for her patience and assistance in guiding the Secretariat, and without whose help the Secretariat would not have been able to organise so many functions successfully.

Special reference should be made of Dr Shyamala's supportive attitude and effort in introducing up-to-date office equipment such as the **Apple Macintosh SE**, new **Swiftphone Telephone System** and last but not least realising the necessity of an extra pair of hands at the Secretariat thereby having **3 instead of 2 personnel**.



The PEM Secretariat

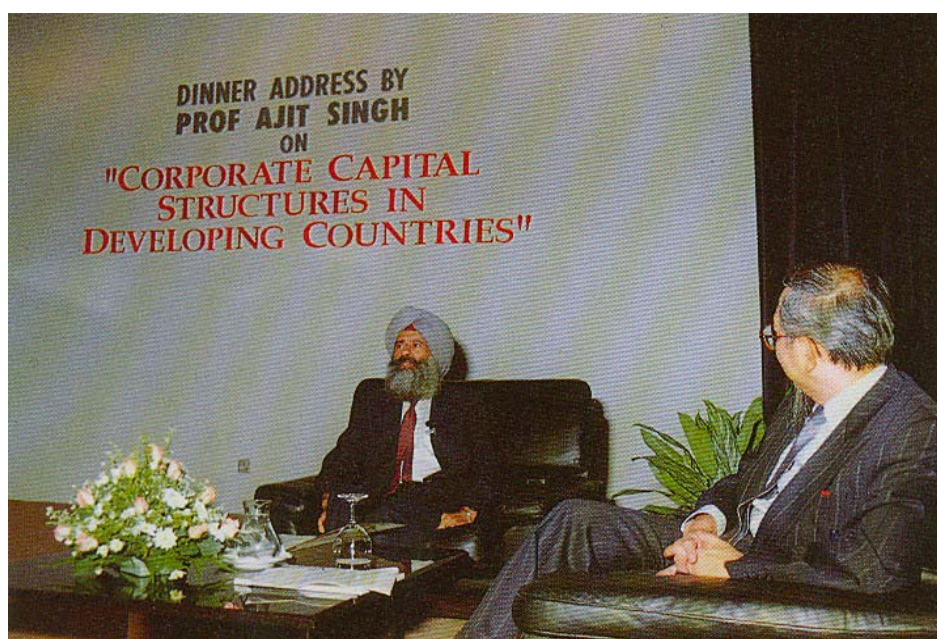
From left: Cecelia Ayadurai, Caroline S. Kathirkamuthamby and Lily Kuang

We wish to welcome Caroline d/o S. Kathirkamuthamby as the new Secretarial Assistant to the PEM, effective 15 October 1992

Dinner Talk

*by Professor Ajit Singh
on 22 July 1992*

“Corporate Capital Structures in Developing Countries”



From left: Professor Ajit Singh and Tan Sri Dato' Dr. Lin See Yan

Professor Ajit Singh (Fellow and Director of Studies in Economics, Queen's College, University of Cambridge) addressed an audience of about 100 persons at a dinner talk organised by the Persatuan Ekonomni Malaysia. The function was sponsored by Rashid Hussain Berhad and held on 22 July 1992 at the Auditorium of Rashid Hussain Building. Professor Ajit was on a visit to Malaysia in his capacity as a consultant to the International Finance Corporation on a research project covering comparative structures of corporate finance in industrial and developing countries.

Drawing on the results of his re search

based on an examination of corporate accounting and stock market information from companies in nine countries (India, South Korea, Jordan, Pakistan, Thailand, Mexico, Malaysia, Turkey and Zirnabawe), Professor Ajit addressed a very elementary, yet important, question of how corporations in the LDCs finance their growth. He highlighted the differences in the financing patterns of LDC corporations and those of firms in developed countries. In addition, there remained the question of whether there are structures and patterns of corporate finance which are conducive to economic development.

Based on the aforementioned cross-country study of the top fifty companies of the manufacturing sector listed on the stock market in the individual countries, Professor Ajit Singh noted that corporations in the developing Countries used external finance (accounting for nearly 90 per cent of the growth of the median Korean corporation, and more than 80 per cent in each case for the median Mexican, Thai and Turkish corporations in the 1980s~ to a far larger extent than most firms did in advanced Countries. On the other hand, the experience of developed countries indicated that corporate growth was financed overwhelmingly from internal sources, that is retained profits (which had been estimated to be more than 90 per cent in the case of UK and US).

Equity finance appeared to be a very important Source of funds among the large listed corporations of the developing Countries (accounting for as much as 40 per cent of corporate growth in Korea, more than 50 per cent in Jordan and over 60 per cent in Turkey in the 1980s~ while net new issues on the stock market made a virtually insignificant contribution in industrial countries (accounting for no more than 2 to 3 per cent of corporate growth in the leading OECD economies~.

Professor Ajit Singh argued that the US and UK, in particular, may

Continued on page 15 col 1

have very advanced and sophisticated financial systems, but that they may not be conducive for development; indeed, he noted that the contribution of the stock market in these two major economies to corporate growth was negative in the last fifteen years. Recounting the reasons, it was postulated that the financial tasks in these systems were heavily concentrated on financial engineering; fund managers were judged by short-term performance, hence long-term growth prospects were sacrificed; and hostile take-overs seemed to be prevalent.

The dialogue session between Professor Ajit Singh and the audience at the end of the dinner talk raised the main concern of whether the patterns of corporate finance observed in LDCs can be generalized for the case of Malaysia. The audience maintained that internal finance would be an equally important source of funds in the country especially towards the end of 1980s which witnessed rapid corporate growth. This observation may differ from the mid-1980s when retained profits were comparatively low as corporate growth was largely retarded by the onset of the world recession.



Dinner Address hosted by Dato' Rashid Hussain
From left: Dato' Rashid Hussain, Mr Michael Atkins, Dr Shyamala Nagaraj, Tan Sri Dato' Dr Lin See Yan, Tan Sri Dato' Mohd Sheriff Kassim

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Professor Ajit Singh

Profile of Speaker

Professor Ajit Singh is a leading authority on corporate finance, mergers and acquisitions. He has written extensively on these topics as well as on aspects of industrialization and economic development in developing countries.

Professor Ajit Singh is a Fellow and Director of Studies in Economics in Queen's College, Cambridge. He has served as consultant to a number of international organizations, including UNCTAD, Economic Development Institute of the World Bank and UN Industrial Development Organization. He has also served as Senior Economic Adviser to the Ministry of Industry and Natural Resources (Mexico) and the Minister for Development Planning (Tanzania). He is currently a consultant to the International Finance Corporation on a research project covering comparative structures of corporate finance in industrial and developing countries. Incidentally, Malaysia is the first country case study under this project. Professor Ajit Singh also has the distinction of being the Editor of the Cambridge Journal of Economics.

- NEW LINE-UP IN THE EXCO 1992/94**
1. PEM's Honorary Secretary, Associate Professor Dr Shyamala Nagaraj has resigned from the EXCO with effect from 3 November 1992.

On behalf of the EXCO, we would like to take this opportunity to thank her for her many invaluable contributions to the Persatuan.
 2. Dr Mahani Zainal Abidin has been appointed as the new Honorary Secretary of the Executive Committee of PEM with effect from 3 November 1992.
 3. Dr Tham Siew Yean has also resigned from the EXCO, effective 1 September 1992.
 4. Mr Goh Kim Leng has been appointed as the Honorary Publications Secretary, effective 9 November 1992.
 5. Dr Norma Mansor and Miss' Kwek Kian Teng have been appointed as new members of the Executive Committee 1992/94.

Dinner Talk

*by Professor Joseph E. Stiglitz
on 22 July 1992*

“The East Asian Miracle and Public Policies”

About 40 invited members of PEM attended Professor Joseph E. Stiglitz's dinner talk on the World Bank Project pertaining to public policies and the East Asian Economics at Genting Penthouse on the 3rd August, 1992. The focal point of this project was to evaluate the causal factors for the economic success in these countries in order to see if these factions can be replicated elsewhere. Four major areas targetted for study in the project are (i) Human Resources and development, (ii) Political Economy, (iii) Trade and Industrial Policies, and (iv) Financial Institutions. The role of the government in each of these four areas will be examined; not just with regards to what the government did but more in the light of why did the government pursue a certain course of action as well as the effect of these actions.

Being an academic, Professor Stiglitz began his talk with a summary on the theoretical issues involved. He subsequently went on to outline the 2 general consensus on the role of the government, that is, in the provision of infrastructure and the enabling of markets to work efficiently. In addition, the government also provided a vision for the future of the country. The effectiveness and importance of this was subject to considerable controversy. Besides this, another area of controversy lies in the role of industrial policy especially the ability of the government to pick winners. Finally financial repression also represented another controversial area.

The talk ended with a brief question and answer session.



Professor Joseph E. Stiglitz addressing the guests at the dinner talk.
He is Professor of Economics at the Stanford University



Guests at Professor Joseph E. Stiglitz's
Dinner Talk held at the Genting Penthouse

NAFTA AND ITS IMPLICATIONS ON DEVELOPING COUNTRIES IN GENERAL AND MALAYSIA IN PARTICULAR

*Speech by Professor Lawrence Summers,
the Chief Economist and Vice-President
(Development) of the World Bank,
at Hotel Equatorial, Kuala Lumpur
on 22 October, 1992*

In a speech that generally approved the creation of a trade pact between the U.S., Mexico and Canada, Professor Lawrence Summers, the Chief Economist of the World Bank, said that he felt the international impact of the North American Free Trade Association (NAFTA) will not be substantial on Malaysia and other developing Asian Countries. Moreover, he felt that that regional arrangements for free trade like NAFTA can form the basis of a well-functioning global trading system. Professor Summers was speaking in Kuala Lumpur about the implications of NAFTA at the invitation of the Malaysian Economic Association and the Harvard Club of Malaysia.

His comments were confined to the relationship between Mexico and the U.S. in particular, because he felt that Canada's position was not very relevant to developing countries. He spoke first on the nature of the treaty and its implications for Mexico and the U.S. The treaty will do three things. First, it will "lock in" the Mexican Government's programme of economic reforms by formalising policies on financial services and foreign investment. The effects of "binding liberalisation" will make the reforms irreversible and, thus, credible. This should reduce uncertainties and spur investment from abroad. Second, it will "open up Mexican markets" to the U.S. by reducing trade barriers and accelerate the recent increase in imports from the U.S. Third, Mexican trade policy and reform measures will be insulated from pressure groups and political processes in Mexico itself by virtue of NAFTA.

The treaty will have different implications for Mexico and for the U.S. According to Professor Summers, Mexico can only gain from the treaty and will be

looking for an increase in economic efficiency as a result of it. But the treaty may have adverse effects on the market for unskilled labour in the U.S, whose workers are not significantly better than their Mexican counterparts but whose wages are much higher. It will be easier for U.S., companies to take advantage of lower production costs by diverting domestic investment to Mexico at the expense of lower domestic employment and/or wages. Instead, the U.S. has more to gain from the treaty's geo-political effects because a stable and prosperous border country would enhance national security.

The treaty will not have general implications for the world, Professor Summers claimed. Eastern Europe and the poorer developing Countries do not compete with Mexico in the same U.S. markets and African countries have closer ties with Western Europe. Asian developing countries, like Malaysia, will be affected to a greater extent by NAFTA because they are in a similar position as Mexico. Their wage levels and living standards are comparable, their exports to the U.S. account for a substantial proportion of their GNP and all are heavily dependant on the U.S. for trade.

Notwithstanding the concerns expressed, he suggested that these Countries could actually benefit from NAFTA, particularly with reference to three complaints that had been aired. Professor Summers said estimates showed that only a small fraction of Asian exports would be adversely affected by special concessions to Mexico because U.S. tariffs are low in general. This is why NAFTA with a General Agreement on Tariffs and Trade (GATT) for world trade is better than one without, he added. A pact between the U.S. and Mexico would create more trade if both the U.S. and Mexican economies grew as a result of it and the world economy would gain from an increase in Mexican productive efficiency as long as goods that could have been produced cheaper elsewhere were not produced in

Continued on page 18 col 1

The dinner address by Professor Lawrence Summers was jointly sponsored by the PEM and the Harvard Club Malaysia.



Professor Lawrence Summers

Continued from page 17 col 3

Mexico. Next, he cited the concern that U.S. direct investment to Asian countries would be diverted to Mexico. He claimed that since global foreign direct investment is not very significant to the world's total exports, a small divergence from Asia to Mexico will not have that much effect on the world economy. Finally, he turned towards the issue of protectionism and argued that NAFTA, by its nature, was committed to GATT.

In fact, he believed that regional arrangements like this are conducive to a well-functioning global trading system, especially at a time when GATT negotiations seem to be faltering; it is a way for countries to gain from free trade; it provides an outlet for constructive political action; it can facilitate conclusion of GATT by reducing the number of parties involved in negotiations. He spoke of the "staggering potential" in world trade that could be tapped; many aspects of life, such as telecommunications and transportation, could be integrated and there were large gains to be made in the transfer of knowledge and technology. However, there are many factors that hinder the development of such a system.

The end of the Cold War has resulted in a multi-polar geo-political system. This means that countries have even less incentives to form global arrangements.

Concern over the domestic economy may hinder negotiations on regional arrangements. The experience of the EC in finding common standards on such things as the environment, safety and labour practices is a good example. A global arrangement could be even trickier to co-ordinate.

There are disparities in the quality and markets for labour. In many countries, long-term unemployment is increasing and the labour force is shrinking. The wages of unskilled workers in industrial countries are very high relative to those of developing countries; there might be, potentially, "billions" of workers who would compete for their jobs. Professor Summers is in favour of regional free trade and he advised individual countries to promote economic growth through the development of human capital, education and infrastructure. He concluded with a plea for the successful negotiation of the Uruguay Round.



His Royal Highness Raja Nazrin Shah graciously presents a gift to Professor Lawrence as a memento for the Occasion

From left to right: His Royal Highness Raja Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah, the Regent of Perak Darul Ridzuan, Tan Sri Dato' Dr Lin See Yan (PEM President) and Professor Lawrence Summers

Professor Lawrence H. Summers

Professor Lawrence Summers, Vice President (Development Economics) and Chief Economist of the world Bank is currently on leave from Harvard University. He holds the Nathaniel Ropes Professor of Political Economy at Harvard and served as Domestic Policy Economist at the President's Council of Economic Advisers during 1982-1983. He is the author of more than one hundred articles and two books, 'Tax Policy And The Economy' and 'Understanding Unemployment'.

Born in New Haven, Connecticut in 1954, Summers received his S.E. degree from the Massachusetts Institute of Technology (M.I.T.) in 1975 and his Ph.D from Harvard in 1982. Prior to joining the Harvard Faculty in 1983, he was an assistant and associate professor of economics at M.I.T.

In 1987, Lawrence Summers was the first social scientist to receive the National Science Foundation's \$500,000 Alan T. Waterman Award given annually for outstanding scientific contributions and was also elected as a fellow of the American Academy of Arts and Sciences. More recently, he was recognized by The Economist magazine as one of the world's leading young economists. Summers has served as a consultant to the Department of Labour and the Treasury in the United States as well as to the governments of Jamaica, Indonesia and Mexico and a number of major U.S. corporations. He has served as editor of The Quarterly Journal of Economics and a number of other journals, a member of the Brookings Panel of Economic Activity, and a Research Associate of the National Bureau of Economic Research. In addition to his academic publications, he has written regularly in the business press on a wide range of economic policy issues.

Profile of Speaker

NATIONAL SEMINAR ON THE ECONOMICS PROGRAMMES IN THE UNIVERSITIES: AN EVALUATION

On 13th October 1992, Yayasan MEA sponsored the "National Seminar on the Economics Programmes in the Universities: an Evaluation" at the P.J. Hilton. This seminar, jointly organized by the Faculty of Economics, Universiti Kebangsaan Malaysia and the Faculty of Economics & Administration, University of Malaya was a follow-up to the "Economics Education at the Undergraduate level" seminar held in 1991.

About 150 participants attended this seminar. The seminar was opened by YB Dato' Amar Dr. Sulaiman Hj Daud, the Minister of Education. Y. Bhg Tan Sri Jaffar Hussein (Governor, Bank Negara Malaysia) delivered the keynote paper on "Malaysian Economics Graduates: a User Perspective". The seminar was conducted over a period of two days and comprised the following four sessions:

- Session I : The role of Universities in Meeting National Needs*
- Session II : Current Economics Programmes*
- Session III . Teaching and Teaching 1-Dwironnient*
- Session IV . Policy Recommendations*

Papers presented at the seminar were as follows:

- The University and its Adaptability to Changing Needs and Priorities
- Requirements of Economics Graduates by the Public Sector - a Survey
- Requirements of Economics Graduates by the Private Sector - a Survey
- Training of Economists for Self-Employment
- A Critical Evaluation of Economics Programmes in Local Universities
- An Evaluation of the Performance of Economics Students
- Teaching of Economics in Universities: some Pedagogical Issues
- A Survey of the Staff of Economics Faculties of Local Universities
- Economics Education: the Need for a New Perspective

The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor to draw correct conclusions

• *Lord John Maynard Keynes* •

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on being conferred the title
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by

DYMM Seri Paduka Baginda
Yang Di-Pertuan Agong
Sultan Azlan Muhibuddin Shah Ibni
Almarhum Sultan Yussuf Izzuddin
Ghasarullahu – Lahushah

on the auspicious occasion
of
His Majesty's 64th Birthday
on

6th June 1992

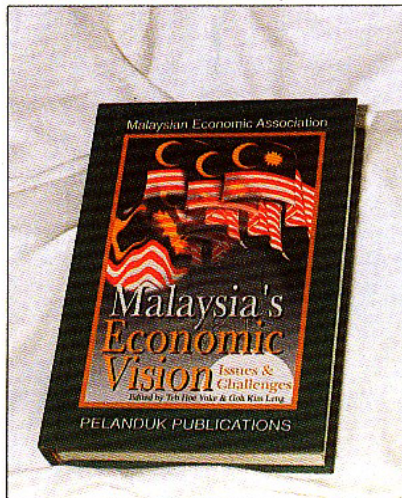
The PEM Membership Directory 1992 has been distributed to all current members. Members wishing to update their details are kindly requested to fill in the Membership Directory Form & submit immediately to the Secretariat.

RECENT PUBLICATION

MALAYSIA'S ECONOMIC VISION: ISSUES & CHALLENGES

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Jan 11, 1993

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Luncheon Talk by **DR. RICHARD LIPSEY**

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REMINDER

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