

FALLACIES IN ECONOMIC POLICIES DISPELLED AT MTI ECONOMIC DIALOGUE 2010

At the annual MTI Economic Dialogue held at Nanyang Technological University (NTU) today, Minister for Trade and Industry, Mr Lim Hng Kiang urged students to be on guard against popular fallacies in economic policies.

2 In his speech to a 200-strong audience from the three local universities, Minister Lim noted that economics can be a powerful tool to clarify complex issues in public policy. Citing our energy policies as an example, Minister Lim highlighted the energy trilemma challenge that Singapore faced and three popular fallacies in energy policy that careful economic thinking can help dispel.

3 Minister Lim also noted that Singapore more than most countries, placed a high premium on applying rational thinking and empirical evidence in analysing and designing policies. Said Minister Lim, "We cannot base our decisions on instinct and gut feel. We need intellectual honesty and rigorous analysis to chart an optimal path through the energy landscape. Our policies must be based on clear objectives and sound evidence."

4 At the dialogue, Minister Lim also presented the MTI (Economist Service) Book Prize and the MTI (Economist Service) Best Thesis Prize to the top Economics students and the best Economics thesis from each of the three universities. One of the winning theses focuses on the interaction between rehabilitation, recidivism and sanction schemes for criminal offenders. It proposes the use of rehabilitation as an alternative to escalating sanctions as this was more cost-effective and could increase the wages of ex-criminal offenders.

5 This is the third year that the MTI Economic Dialogue is being held. Undergraduates from the NTU, National University of Singapore (NUS) and Singapore Management University (SMU) had the opportunity to engage economic experts from the government and private sector in a lively panel discussion.

6 President of NTU, Professor Su Guaning, said, "NTU is honoured to be the host of this year's Dialogue. It serves as a useful platform for students to exchange their views with academics, public and private sector economists on pertinent economic issues facing Singapore. The interactive dialogue session provides students with a valuable opportunity to gain insights into what public sector economists do and enables them to better understand the importance of economic thinking in policy making."

7 Further details on the MTI Economic Dialogue and this year's MTI economic award winners are attached at Annex.

Ministry of Trade and Industry
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