



Department of ECONOMICS

June 2026 Newsletter



Insights: Philosophy, Politics, and
Economics (PPE) at NUS

02 – 08

Undergraduate Teaching Award

14

From the other end of the world

09 – 10

Undergraduate Events

15

Student Exchange Program

11 – 12

Faculty Research

16 – 18

International Undergraduate Achievement

13

Faculty and Staff News

19

The image is a composite of three distinct scenes. The top-left portion shows a classical marble statue of a bearded man, likely a philosopher, seated and reading an open book. The background is a sunset over a cityscape. The top-right portion shows a raised fist, a symbol of protest or solidarity, against a bright sun in a city. The bottom-left portion shows a magnifying glass focusing on a colorful financial candlestick chart. A large, semi-transparent pink diamond shape is overlaid in the center, containing the text.

**Insights:
Philosophy, Politics,
and Economics
(PPE) at NUS**



Dexter Lim

On a hike in Rouge National Urban Park, Canada

Your major was the Philosophy, Politics, and Economics (PPE) program. Why did you choose this program and how did you find the combination of these different disciplines?

I've always been interested in taking Economics, but discovering the PPE program made me think twice. If I could study Economics and learn about two additional subject areas at the same time, why not? I ended up

confirming that PPE was the right major for me when I tackled my application question on the trolley problem. The trolley problem is a thought experiment on whether you would sacrifice one life to save five lives. Would you pull a lever to redirect a trolley headed towards five tied-up individuals to the track with only one tied-up individual instead? Researching further on that made me realise that each of the PPE subjects comes together to provide a potential answer to such a question, taking into account ethics, principles of collective decision-making, and cost-benefit analysis. Ultimately, there's no one right answer to questions like these, but what we can do is to justify our thoughts through multiple perspectives.

I must admit that when I first started the program, I was struggling to see the links between each of the disciplines - how do I even begin to find the links between the demand-supply curve and the universality of human rights? Over the next few semesters, however, things started falling into place, especially when we began taking the PE-coded courses [Editor's note: These are courses specifically designed for the PPE program], which were intended to help us find the links between each discipline. My favourite course in NUS ended up being a PE-coded course, PE4101P, on the Ethics and Politics of Nudging, which covered concepts such as Prospect Theory (Economics), paternalism and ethics (Philosophy), and how public policy is informed (Political Science).

PPE students are free to shape the program to their own desires beyond a few compulsory courses, and every experience is going to be different. You'll have to join us to find out more!

Might we ask, which of the three disciplines of the PPE program you found most interesting and why? (We can handle it if it's not economics!)

Definitely a funny question to ask because, as I quote one of my PPE friends, 'bro wants to do 40 econ mods'. Economics has always been the most interesting to me, and taking Philosophy/Political Science on top of that was originally just a way for me to read more widely and learn from multiple perspectives. In Economics, we can combine theoretical concepts with quantitative analysis to explain real-world phenomena. For instance, cost-benefit analysis (taught in the very first lecture of the introductory module, EC1101) is something people and organisations use day to day. Studying Economics formally gives you a trained perspective to assess how and why things happen around us.

Beyond that, Economics courses are typically taught in a structured manner, with foundational components taught at the start before leading up to a big picture at the very end, which I appreciated whilst navigating the more open-ended nature of Philosophy and Political Science courses. I often told my friends that I interspersed essay writing (for my other courses) with Economics tutorial questions to give myself a 'break'. In fact, I enjoyed Economics so much that I used up my UEs [Unrestricted Electives] to take more EC-coded courses.

How did you find studying at NUS? Was it demanding/stressful or more relaxed? Do you have any advice on how students can manage the workload?

Studying in NUS can get really stressful - I've always found myself thinking about dropping a course or two when assignment season gets around, but by managing my own expectations, I was usually able to push through. It's important to recognise that it's quite difficult to score well in every single course that you take, since there are likely

courses that you're going to be stronger in and consequently, some you're not so confident with. Gauge your personal strengths and weaknesses, and take a fair mix of courses every single semester to spread out the stress. Here are some tips that worked for me, but of course, your mileage may vary:

1. Focus on the courses that you're stronger in. If you know you do better with quantitative courses, find out which ones they are, and take them. If you can do well, you'll likely enjoy your experience more too.
2. Be well-organised. At the start of every semester, note every deadline and the weightage for each component of assessment. Strike it out as you clear each one and feel a sense of satisfaction!
3. Find people to work with. Working together allows you to share ideas, resources and complaints about how reading week isn't enough to catch up on the 13 weeks of lectures you've missed.

Most importantly of all, enjoy your time in school beyond academics. Stay on campus (if that's your thing), go for exchange, join new CCAs [Co-Curricular Activities], participate in school events, and find the time to relax and recharge. Remember that school can get really stressful, but at least everyone else is probably just as stressed as you are.

Would you like to share with us your first professional steps after university? Has your degree come in handy?

I'm currently a Management Associate at the Central Provident Fund Board. I believe that the work at CPF is uniquely positioned for PPE students because of how the concept of a secure retirement is closely intertwined with each aspect of PPE. It raises philosophical questions on fairness, responsibility and what it means for one to have a good life. It involves political decisions about policy-making, on trade-offs that our government has to make when designing and maintaining our CPF system. From economics, we draw on savings behaviour and the labour market, and on how scarce resources are allocated over a lifetime.

On a more practical front, the degree has proven helpful with the writing and thinking skills honed through the courses I took at NUS, especially helping me through the tasks I have in my job. You'll likely find that knowing how to express yourself clearly and succinctly will be an important part of your professional journey, so take the time to hone that instead. I think what's important is to find a career that interests you and aligns with your values, and the rest of the pieces will naturally fall into place.

Would you recommend the PPE program to juniors? Any other advice you would like to give to prospective students with academic interests similar to yours?

Yes, for sure! You get exposed to a wide range of courses, expanding the possibility that you'll find a course/subject that you truly like. Of course, you'll end up having to take some courses that you may not feel so confident in (every PPE student will definitely proudly proclaim that they struggle with at least 1 out of the 3 majors, leading to some very creative ways to get around it), but I would say that's a unique feature of the program. To me, the most fun part of being a PPE Major is really how you get to switch from working on solving tutorial questions on consumer utility maximisation to writing essays on Plato and Socrates. If this sounds like something up your alley, definitely consider taking PPE.

A word of advice would be to carefully consider what you intend to get out of your university degree. Given that

PPE is a degree that's so general, it may be challenging to find a job that truly makes use of the hard skills or knowledge that you've gained from each of the 3 majors. Rather, treat it as a learning experience that exposes you to ideas that you would never have thought of before. I especially enjoyed each of the courses I took in NUS

precisely because I knew that I was there to learn for the sake of learning, and not just to gear up towards a career in the future. On the other hand, please take the time to explore what sorts of careers you might be interested in, and take steps towards achieving that.



Graduation Photoshoot with friends from Tembusu College & FASS



Matriculation day is a big event here! I'm wearing my sub-fusc, which we wear for all exams, dinners, and formal events

Faith Chng

Faith, your major was the Philosophy, Politics, and Economics (PPE) program. Why did you choose this program and what did you gain from the combination of these disciplines?

I felt some desire to do something impactful; tried out law, decided it wasn't for me, and landed on PPE. Growing up surrounded by strong institutions in Singapore, I also believed that policymaking was the most direct path to social impact.

Above all, PPE gave me the freedom to discover and confirm what I really wanted to do. The ultimate freedom with being a generalist (economists like yourselves probably relate) is the ability to 1) make interesting conversation, but also 2) explore options and close doors. Most 17-year-olds don't have a clue what they want to do—I definitely didn't. But my degree simultaneously opened

doors to internships in banks like Goldman Sachs and the Singapore Ministry of Foreign Affairs, which is probably quite rare. I am lucky to make my career decisions with better information.

Over time I also developed a deeper appreciation for each discipline, which gave me a good foundation to read widely. I doubt I'd be as open to engaging with a broad range of texts without early quantitative and qualitative exposure.

Did any of the three disciplines particularly appeal to you and why?

I've definitely had my phases with each. For a long time I was most comfortable with Political Science, but that was probably biased by my interest in current affairs and reading. In my later undergraduate years, I took a very transformative class—PE4102E Institutions and Political Economy—where I was introduced to the elegant and frankly beautiful applications of economics to social phenomena. My preference switched to economics after that. These days I engage more heavily with philosophy; I'm active in a philosophy interest group at school.

That said, I've always considered the three disciplines inextricably linked. Some subfields within each discipline definitely bleed into one another. My master's dissertation is motivated by a strand of philosophy, uses economic evaluation methods, and tackles a problem that is very much political: I'm performing cost-effectiveness analyses on Violence Against Women interventions. I guess I no longer have a strong preference.

More generally, how did you find studying at NUS? Did NUS meet your academic and non-academic expectations?

NUS was the time of my life. I grew a lot smarter, wiser, and more than that it was a comfortable environment to grow into my interests and meet the right people who pushed me to pursue them. I stayed on campus at Tembusu College for four (short) years, and in that time, I made terrific memories and met wonderful mentors that encouraged my moral ambition. Academically I attended some life-changing classes, and I definitely felt challenged at the right level. Non-academically, things were pretty fun. I made amazing friends in my course. People tend to say undergrad is the best time of your life, and yeah, I think I'd agree!

And now, you're studying at Oxford. What are you studying and how do you find the academic experience? How does Oxford compare to NUS? Do they need any help from us?

I'm currently doing the MSc in Global Governance and Diplomacy at the Oxford Department of International Development. Oxford is great in a different way; life is beautiful and historic and syrupy. One thing quite different is that students take academia very seriously here. Pressures like job search, chores, even food, are secondary to the main project of immersing yourself in the study of your discipline. I've really enjoyed the time and space for introspection. Students are also incredibly passionate about what they study; I've learnt so much about other disciplines just because people are so eager to share. People are undaunted by what they don't know and so academically curious, even in conversation. The faculty is excellent, of course, but so was the faculty in NUS.

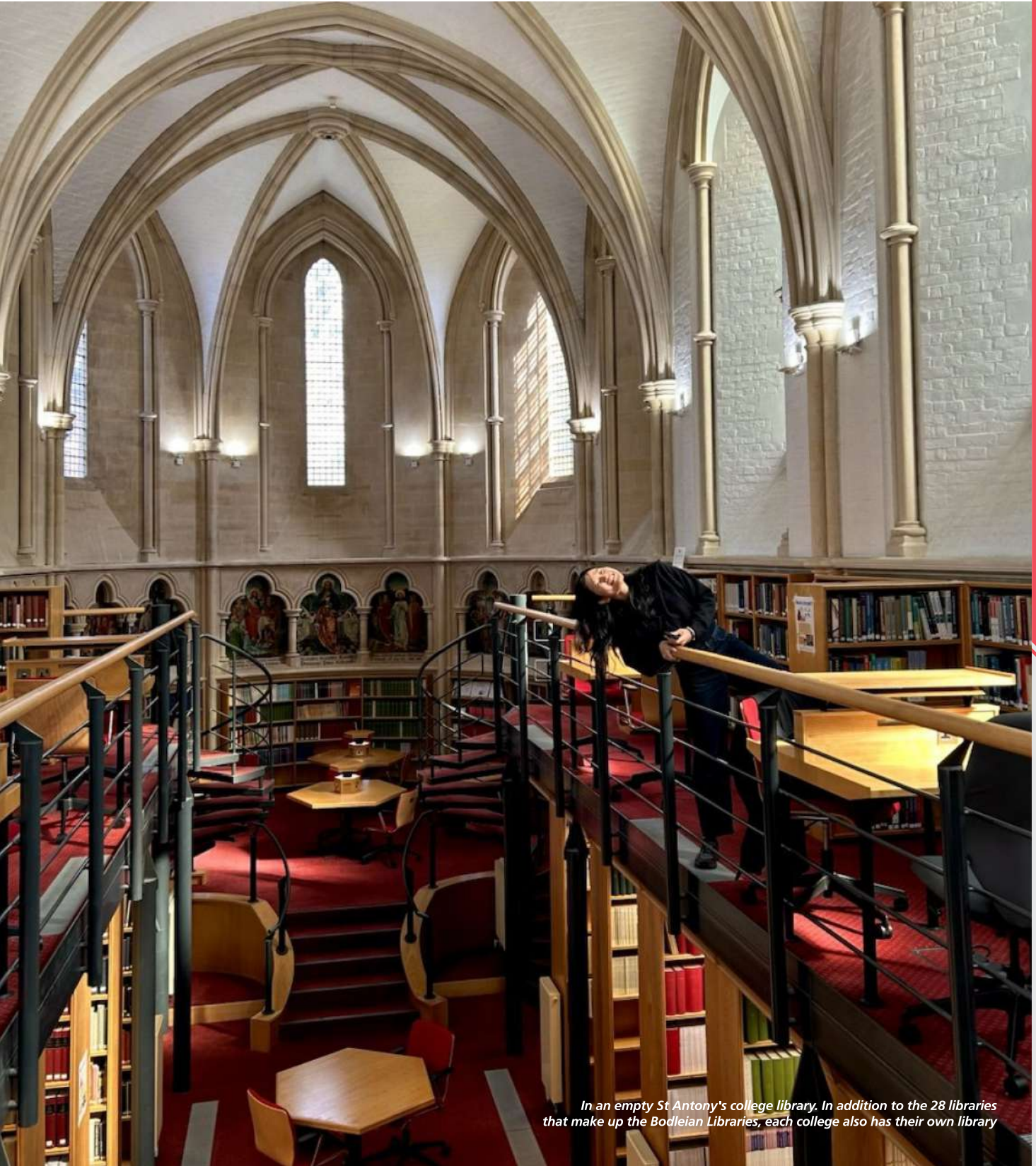
The two things Oxford needs from NUS are the UTown Yong Tau Foo and covered walkways. Yong Tau Foo because it's all I crave when I'm away. Covered walkways because it rains all the time here, and without covered walkways

everything is always just slightly damp. PPE has a very different reputation in Oxford as well, while it was quite niche in NUS, I quickly realised I wasn't special at all here.

And after Oxford, how do you foresee your academic/professional future? After a PPE degree, would you like to find a PPE job?

I would love to work in international development, philanthropy, or an area similarly impactful. I will likely join

the Political and Economic track of the Singaporean foreign service post-graduation, which is a role where I could deliver high impact as well. Sometime in the future, I would love to continue my studies, maybe get a PhD or a second master's in development economics, if anyone will have me. I'd love to find a PPE job; I see international development as a nice marriage of the three: a cosmopolitan philosophy, the soft power politics of international aid, and economic growth at the center of it all.



In an empty St Antony's college library. In addition to the 28 libraries that make up the Bodleian Libraries, each college also has their own library

Would you recommend the PPE program to juniors? Any other advice you would like to give to prospective students with academic interests similar to yours?

Absolutely! I would recommend it to prospective students who are ambitious, ready to be challenged, and who have big opinions on current affairs. If you want to understand power, this is the course for you. If you find yourself unshakably concerned about injustice, this is the course for

you. If you're all that AND willing to work hard to catch up with your peers in P/P/E, this is the course for you.

Advice I'd give is never pursue your goals in silence—keep talking about them, or better, find a community. I've benefitted incredibly from the opportunities people around me have shared generously. I would love to pay it forward—I'm always available for a chat. You can find me on LinkedIn under the same name.

Thanks for having me, NUS Economics!



Christmas dinner in Lincoln College, my college. Our festive celebration ended with carolling on the dinner tables. Spot me!



Orlando Betancourt

I am posing next to the "El Castillo" (The Castle) ruins in the Chichén-Itzá archeological zone located in southern Mexico

Orlando, you came to Singapore from far, far away. Why did you choose Singapore as the place to pursue your academic dreams?
Several factors played a role in my decision, but the main

factor was the overall reputation of NUS and the Department. I was interested in working on Microeconomic Theory when I applied for the PhD, and NUS was always mentioned to me and to others as an excellent place to

pursue this interest. Of course, Singapore's reputation as an international hub, and the personal prospect of experiencing life in the other side of the globe also influenced my decision.

How does Singapore compare to Mexico? Would you like to highlight some major differences? In fact, are there any similarities?

I have thought about this question for a long time, and I regrettably remain with the unachieved outcome of a satisfactory answer. I think many differences are grounded in the different values that cement our societies. My limited experience here has left me with the impression that Singapore values hard work and discipline, with leisure sided as a byproduct of everyday life. Mexico values having a good time and having a passion for life. And so, it is a contrast to me to observe quiet streets, empty football stadiums, expensive beer and a perhaps healthy lack of friendly banter. It is also a contrast to me to observe efficient public good provision, world-class infrastructure and a highly educated society. My answer of course does not explain why Singaporeans like wearing sandals with socks or refuse to provide napkins for the needy diner.

Luckily for me, both countries appreciate the vital role that flavors play on daily life. I find comfort in the fact that rice is treated with the same religiosity as we treat maize, and that spices are a common ally in our war on bland food.

How was the experience of living in Singapore for so many years?

My experience has been a spectrum of contrasting emotions. It has been motivating to be surrounded by approachable and kind people that have, even indirectly, helped me navigate the academic sea. It has also been challenging to fail at a project and somehow lift my spirits only to fail at the next project. I have experienced the comfort of bonding with my fellow strugglers, forging friendships that will last

a lifetime. It has been lonely to come back to an empty apartment on a Friday night, but it has been heart-warming to have a party with friends in the middle of the autumn. My experience in Singapore has been shaped by kind people, large meals, tough moments and profound reflections that have led, I hope, to a better version of myself.

And with respect to economics, how did you get so interested in the field that you decided to do a PhD?

At the beginning of the PhD, I was exposed to research on many applied topics. This made me reflect on my initial goal of becoming a theorist and pushed me to consider working on social topics that I resonated with and that were more grounded on data. As a person that has both experienced and witnessed the many consequences of crime in Mexico, I have explored topics on crime economics, and more generally, other topics in development economics, like conflict. In addition, as a person that has had to emigrate to pursue a higher quality of education, I have become interested in topics related to minority discrimination.

Now that you are approaching the end of your PhD endeavor, would you say it was worth it?

Yes. Doing my PhD here has taught me many things through many ways, and I believe I would not have grown as much as I did, had I taken a different path. The journey has been challenging but profoundly transformative, both intellectually and personally.

If a friend of yours from Mexico or Latin America in general, asked you if pursuing a higher-level degree in Singapore is a good idea, what would you tell them?

I would tell them to take the leap, or to at least seriously consider it. There is a lot of uncertainty in the global stage right now, and Singapore offers an excellent opportunity to position oneself among a region that is becoming ever more central to our world.



Me and my PhD friends posing in Holland Village after celebrating a birthday in one of the restaurants nearby (third from the right)



Titus Koh

Nagoya University

My friend and I were doing a hike (that took 5 hours) along the Jogasaki Coast in Izu Peninsula, Shizuoka Prefecture, known for its beautiful views of the cliffs and the sea

Why did you choose to apply for the student exchange program? Where did you do your exchange?

Going on a student exchange has been on my radar even before entering university. I'd heard so many stories from seniors and even from people who have already graduated about how it was the absolute highlight of their university life, so when the time came to apply, I didn't hesitate.

I set my sights on Japan—partly because I've been taking Japanese classes at NUS, but also because I have a huge soft spot for the country (this is actually my 10th time here!).

Even though many people, including my parents, suggested I try somewhere new, I chose Japan because it's a place where I feel truly comfortable. Plus, it's the perfect environment for me to continue practicing and refining my Japanese.

I eventually chose Nagoya University as not only is it one of Japan's prestigious "Seven National Universities" and highly regarded by the locals, but it also offers a much more affordable cost of living compared to the bigger cities Tokyo or Osaka. It also sits right in the middle of Japan making it very convenient to travel to other prefectures!

What did you find interesting about the university you visited?

The campus life at Nagoya University is incredibly vibrant! It's not uncommon to stumble upon live band performances right in the middle of a lunch break. The crown jewel of the student experience, however, has to be the Meidai Festival (Meidaisai) held every year in June.

It is one of the largest university festivals in the surrounding region, drawing in a staggering 80,000 visitors annually. Classes are actually cancelled just so students can put together this massive event! With over 100 activities ranging from club performances to tours, it's essentially a huge Japanese summer festival like those you see online!

How does Japan compare to Singapore? Is it a place worth visiting?

One thing I've truly come to appreciate is the incredible sense of order in Japan. Everything has its time and place, from the pinpoint punctuality of the public transport system to the meticulous way people handle their trash. Coming from Singapore, where we're used to a more "all-in-one" disposal system, the recycling culture here was a bit of a culture shock! You have to be very intentional about sorting everything—plastics, cans, burnables—but I actually find that level of discipline quite refreshing, even if some of my peers found it a bit strict.

Japan is also 100% worth visiting right now, especially with the weakened yen. While public transport can be a little pricier than back home, the cost of living here is surprisingly manageable. Many of my friends on exchange in Europe or the US are stuck cooking every single day to save money, but here in Japan, I can comfortably enjoy a high-quality restaurant meal every day without breaking the bank.

Can you share a funny story from your time abroad?

One memory that still makes me laugh (and sweat a little) was a road trip I took with two friends. It was our final day, and we had a strict 7 PM deadline to return our rental car in Nagoya. We'd left our previous spot with plenty of time to spare, but Japanese highway traffic had other plans. Our ETA quickly slipped from a comfortable 6:20 PM to exactly 7:00 PM. I took the wheel and, admittedly in a bit of a panic, drove as fast as the speed limits would legally allow. To "help" me focus, my friends started blasting high-intensity racing music and cheering me on like I was in a grand prix for the entire two-hour haul. Miraculously, we made it and handed back the keys right on the dot! It's a hilarious memory now, but I definitely wouldn't want to repeat that experience again.

Overall, would you say that being on exchange has been a positive experience?

It is a 100% yes from me! I haven't had a single dull day in Japan, and I finally understand why so many people call exchange the absolute highlight of their university life. For me, this was more than just a trip; it was likely my only chance to truly live overseas, and I couldn't have picked a more welcoming and exciting country to call home for a while.

Beyond the classroom, it's the people who made this journey so special. I've made incredible connections with both locals and fellow international students, and the memories we've shared—from late-night drinking sessions to spontaneous travels—are ones I'll cherish forever. Stepping out of my comfort zone to study in such a different environment gave me a perspective on life that I simply couldn't have found back home. If you're ever on the fence about applying for an exchange, my advice is to simply go for it!



University of Chicago Econometrics Game 2026

The Econometrics Games is an annual competition organised by Oeconomica, the undergraduate economics society at The University of Chicago. The final round of the 2026 edition was judged by Professors James Heckman and Evan Rose.

NUS was represented by a team of four undergraduate students, Cai Mun Jia, Jeron Tan Kang, Jeremy Toh En Jie, and Yang Yihan. They placed in the top 5 out of 17 universities from three countries. We congratulate the team on their success and thank Tiffany Tsai for mentoring the team!



Teaching Excellence Award for Undergraduate Teaching Assistants

Academic Year 2025/26

Semester 1

The department recognizes the following seven undergraduate teaching assistants for excellent teaching:

Ang Shao Yang Ernest (EC1101E)

Choong Jia Jing Ryan (EC1101E)

Giselle Gabriella Sim (EC1101E)

Likitwattananurak Jamekorn (EC1101E)

Kelvin Sng Kah Koon (EC2101)

Lim Si En (EC2101)

Zhang Tianyuan (EC2101)



NUS Economics Society event

At the annual Singapore Post-Budget Dialogue on March 11, organized by the NUS Economics Society (a student organization), Minister for Home Affairs and Coordinating Minister for National Security K Shanmugam emphasized to 300 students that Singapore's openness to trade, global talent, and capital is vital for its national security and economic survival. He explained that because the nation's external economy is three times its internal GDP, international events like the recent US tariffs and global conflicts heavily impact domestic stability. To protect Singapore both internally and externally, the recent \$154.7 billion national Budget increased state security spending by 11 percent to \$37.3 billion, while also investing in AI initiatives and cost-of-living relief. Mr Shanmugam stressed that maintaining political stability, a strong rule of law, and free trade agreements are crucial for attracting investment and securing good jobs for citizens, especially as the nation faces internal demographic pressures like a rapidly aging population and a shrinking workforce support ratio.

Recently published papers

The real impact of FinTech: Evidence from mobile payment technology

Sumit Agarwal, Wenlan Qian, Yuan Re, Hsin-Tien Tsai, Bernard Yeung

Management Science, Volume 72, Issue 5, May 2026

We utilize the introduction of mobile payment technology by the largest bank in Singapore in 2017 to study how mobile payment technology reshapes economic activities and stimulates business creation. After the introduction, business-to-consumer industries witnessed 18.3% more business creation relative to business-to-business industries, with the effect driven by small firms and more pronounced among industries with higher cash handling costs.

Underlying this pattern is consumers' strong adoption of mobile payment and a reduction in ATM cash withdrawals during the post-shock period. The reduced transaction cost also increases consumers' spending capacity, which justifies the business growth. Interestingly, part of the increased consumer demand is credit card spending. The pattern of changes is consistent with the bank's adjustment to the technological change: it reduces ATMs and allows more credit card openings and higher credit limits.

Partial Specialization and Heterogeneous Task Assignments

Liu Chen

American Economic Journal: Macroeconomics, Volume 18, Issue 2, April 2026

I develop a general equilibrium model featuring multidimensional skills and partial specialization in tasks to quantify the impact of several determinants on within-occupation inequality growth from 1980 to 2000. The model introduces a new mechanism by which demand shifts affect inequality: Workers within the same occupation perform multiple and different tasks. I structurally estimate the model using microdata and account for inequality growth due to three sources: changes in occupation demand, changes in the task content of occupations, and changes in labor composition. My findings indicate that changes in task content explain the majority of within-occupation inequality growth.

Understanding Mechanisms of Persistence in Prosocial Behavior: Evidence from a Large-Scale Field Experiment

Adrian Bruhin, Simon Haenni, Lingqing Jiang, Adrian Roethlisberger, Regula Buchli, Beat M. Frey, Lorenz Goette

Journal of Political Economy Microeconomics, Volume 4, Issue 1, February 2026

We test whether asking individuals to donate blood leads to a persistent change in behavior and examine the underlying mechanism. In a field experiment, we randomize a phone call asking potential blood donors to turn out and

follow them over up to 18 months. We observe significant behavioral persistence for at least 1 year. Using naturally occurring adverse weather conditions as a second instrument for donor turnout allows us to distinguish between action-based persistence (or habit formation per Stigler and Becker) and motivation-based persistence. Our results strongly favor action-based persistence as the underlying mechanism.

Identification and Inference in First-Price Auctions with Risk-Averse Bidders and Selective Entry

Xiaohong Chen, Matthew Gentry, Tong Li, Jingfeng Lu
The Review of Economic Studies, Volume 93, Issue 1, January 2026

We study identification and inference in first-price auctions with risk-averse bidders and selective entry, building on a flexible framework we call the Affiliated Signal with Risk Aversion (AS-RA) model. Assuming exogenous variation in either the number of potential bidders (N) or a continuous instrument (z) shifting opportunity costs of entry, we provide a sharp characterization of the nonparametric restrictions implied by equilibrium bidding. This characterization implies that risk neutrality is nonparametrically testable. In addition, with sufficient variation in both N and z , the AS-RA model primitives are nonparametrically identified (up to a bounded constant) on their equilibrium domains. Finally, we explore new methods for inference in set-identified auction models based on Chen et al. (2018, *Econometrica*, vol. 86, 1965–2018), as well as novel and fast computational strategies using Mathematical Programming with Equilibrium Constraints. Simulation studies reveal the good finite-sample performance of our inference methods, which can readily be adapted to other set-identified flexible equilibrium models with parameter-dependent support.

The Dramatic Rise of the New Society Journals in Economics

John C Ham, Julian Wright, Ziqiu Ye

The Economic Journal, Volume 136, Issue 673, January 2026

We produce updated rankings of economics journals based on established and new methodologies, and use these rankings to document the spectacular rise of the new society journals in economics. We show that, while several factors (editor reputations, editor experience, citations from parent journals and the number of articles published) help determine these journals' impact factors, none help explain why the new journals outperform natural comparison journals. However, soliciting top authors connected to the editors can explain their outperformance. We also consider factors such as fast turnaround times, the transfer of referee reports and associations leveraging their reputations.

The domestic political economy of China's foreign aid

Joris Mueller

The Review of Economics and Statistics, 1-45, October 2025

I study how domestic political considerations influence the foreign policy choices of autocratic regimes, by analyzing China's foreign aid. First, using contractor-level data, I document how the regime uses foreign aid projects to help maintain domestic stability: aid projects are awarded to state-owned firms in Chinese prefectures hit by social unrest, increasing employment and future political stability. Second, I find that this strategy to manage domestic unrest affects the global allocation of Chinese aid, since state-owned firms pursue projects in countries where they have prior connections.

Information design in allocation with costly verification

Yi-Chun Chen, Gaoji Hu, Xiangqian Yang

International Economic Review, Volume 66, Issue 3, August 2025

We study information design in a single-agent allocation problem with costly verification, where the principal has a positive reservation value. The agent learns privately a signal about the principal's allocation value, drawn from a distribution controlled by an information designer. Given the signal distribution, the principal designs a mechanism to maximize her net value. We show that the agent-optimal information pools high values at a signal just worth verification, whereas the principal-optimal information features full disclosure. Moreover, any agent-optimal information is principal-worst, despite their partially aligned interests and the absence of transfers.

A stepping stone approach to norm transitions

Gulesci Selim, Sam Jindani, Eliana La Ferrara, David Smerdon, Munshi Sulaiman, Peyton Young

American Economic Review, Volume 115, Issue 7, July 2025

We propose a model to study when an intermediate action can serve as a stepping stone that enables the elimination of a harmful norm. While the intermediate action may facilitate the first "step," it may also become a new norm. We derive intuitive conditions for stepping stones, which depend on the relative size of social penalties and intrinsic utility benefits. We propose an econometric approach to testing whether an intermediate action is a stepping stone, and apply it to original data on female genital cutting in Somalia. The analysis shows that the intermediate action may become the new norm.

Inference in a stationary/nonstationary autoregressive time-varying-parameter model

Donald W. K. Andrews, Ming Li

Quantitative Economics, Volume 16, Issue 3, July 2025

This paper considers nonparametric estimation and inference in first-order autoregressive (AR(1)) models with deterministically time-varying parameters. A key feature of the proposed approach is to allow for time-varying stationarity in some time periods, time-varying nonstationarity (i.e., unit root or local-to-unit root behavior) in other periods, and smooth transitions between the two. The estimation of the AR parameter at any time point is based on a local least squares regression method, where the relevant initial condition is endogenous. We obtain limit distributions for the AR parameter estimator and t-statistic at a given point τ in time when the parameter exhibits unit root, local-to-unity, or stationary/stationary-like behavior at time τ . These results are used to construct confidence intervals and median-unbiased interval estimators for the AR parameter at any specified point in time. The confidence intervals have correct asymptotic coverage probabilities with the coverage holding uniformly over stationary and nonstationary behavior of the observations.

Information systems, service delivery, and corruption: Evidence from the Bangladesh civil service

Martin Mattsson

American Economic Journal: Applied Economics, Volume 17, Issue 3, July 2025

Slow public service delivery and corruption are common problems in low- and middle-income countries. Can better management information systems improve delivery speed?

Does improving the delivery speed reduce corruption? In a large-scale experiment with the Bangladesh Civil Service, I send monthly scorecards measuring delays in service delivery to government officials and their supervisors. The scorecards increase on-time service delivery by 11 percent but do not reduce bribes. Instead, the scorecards increase bribes for high-performing bureaucrats. A model where bureaucrats' reputational concerns constrain bribes can explain the results. When positive performance feedback improves bureaucrats' reputations, the constraint is relaxed, and bribes increase.

Data-driven auditing of business and self-employment earnings

Parimal Bag, Neelanjana Datta, Peng Wang

Social Choice and Welfare, Volume 64, June 2025

Entrepreneurs' profits depend on their individual abilities and a common market shock. In some situations only low ability, high profit earners submit tax returns truthfully while high ability, high profit earners underreport, when in complementary situations high ability, high profit earners submit returns truthfully and low ability, high profit earners underreport. An ability type is truthful only if its likelihood ratio of high profits under favorable market shock relative to unfavorable market shock dominates the corresponding likelihood ratio of the other ability type. Auditor audits all low submissions if the proportion of 'high submissions' exceeds a cutoff. We provide a characterization of all pure strategy tax evasion and auditing equilibria. Because the number of high submissions depends on the ex-post distribution of types and the realization of the market shock, entrepreneurs cannot tailor tax returns to systematically avoid audit scrutiny unlike in the exogenous cutoff-income tax audit models. Data-based auditing helps combat the high 'tax gap', a well-known problem in tax enforcement.

Public financing under balanced budget rules

Minjie Deng, Chang Liu

Review of Economic Dynamics, Volume 56, April 2025

This paper analyzes the impact of a balanced budget rule (BBR) on government financing costs and its implications for the government balance sheet. Exploiting the variation in BBR implementation across US states, we find that states with more stringent BBRs exhibit significantly lower bond spreads and credit default swap spreads, demonstrating the crucial role of default risk. A sovereign default model, which features long-term debt, endogenous investment and output, as well as a BBR, aligns with the empirical result. Calibrated to Illinois, our quantitative analysis suggests that implementing a BBR could dramatically decrease the state bond spread, gradually lower the debt, and improve welfare in the long run.

Spotlight on faculty research

NUSEconDigest

January 2026

Is a Fourth “Honours” Year Worth It? Evidence from NUS

Is a fourth year of university a wise investment, or just a way to delay adulthood? A study published in the *Journal of Public Economics* (2023) examines this by looking at a unique “natural experiment” at the National University of Singapore (NUS).

Many university systems offer a three-year bachelor’s degree with an optional fourth “honours” year, but there is surprisingly little causal evidence on what that extra year yields in the labour market. In “The returns to an additional year of education for college graduates,” Jie Gong and Jessica Pan study this policy-relevant margin using data from the National University of Singapore (NUS), where students in several faculties can graduate after three years with a regular bachelor’s degree or complete a fourth, more advanced honours year.

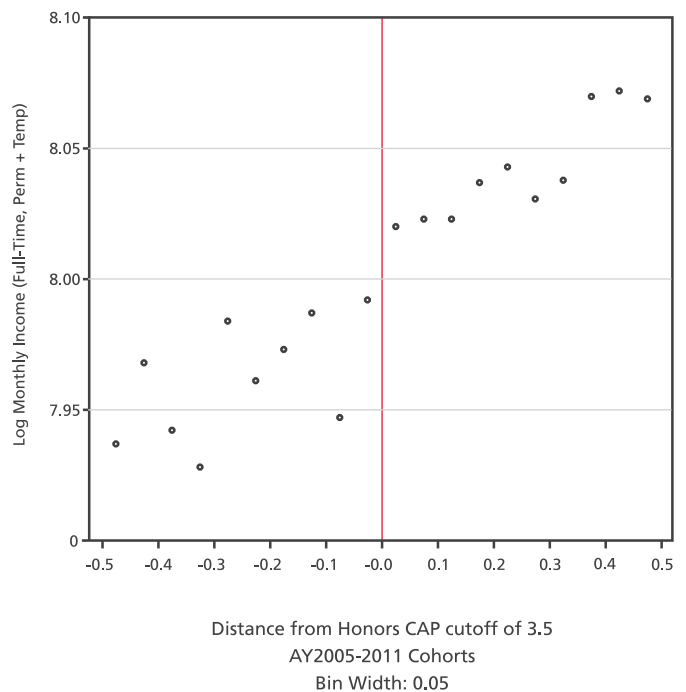
The paper exploits a sharp institutional rule: in selected faculties, eligibility to enrol in the fourth (honours) year is governed by a third-year Cumulative Average Point (CAP) threshold. Students just above the cutoff are much more likely to complete the honours year than students who narrowly miss it, yet they are otherwise comparable in academic performance and background characteristics. This creates a fuzzy regression discontinuity design.

Using NUS administrative student records linked to Graduate Employment Survey (about six months after graduation), and for some cohorts, to tax records, the authors estimate the earnings payoff to the additional year of advanced undergraduate study. The main result is economically meaningful: completing the fourth year raises monthly earnings by about 12% around six months after graduation. These gains do not appear to be short-lived; administrative tax data show that the earnings premium persists for at least four years after graduation.

What drives the return — human capital or signalling? While disentangling these channels is difficult, the paper offers suggestive evidence against a “pure signalling” story. First, if honours status were merely a signal that fades as employers learn, returns should decline with experience. However, the estimated returns remain substantial over the early career window observed in tax

data. Second, when NUS later lowered the eligibility threshold to encourage more students to enrol in the honours year, the estimated return remained sizable rather than being “diluted,” which is hard to square with a model where the payoff is primarily the scarcity value of an honours label.

— Summarized by Jingyuan Guo



Using NUS grade cutoffs, an extra honours year raises graduates’ earnings about 12%, with gains persisting for several years.

Reference:

Gong, Jie, and Jessica Pan. “The returns to an additional year of education for college graduates.” *Journal of Public Economics* 218 (2023): 104796:

<https://www.sciencedirect.com/science/article/abs/pii/S0047272722001980>

Faculty News

- **Denis Tkachenko** received the FASS Inspiring Mentor Award 2025.
- The following colleagues received the Department Teaching Excellence Award for academic year 2024-25: **Georgios Georgiou, Liu Chang, Lu Jingfeng,** and **Alberto Salvo.**

Staff News

- **Yolanda Wang Yu** was promoted to Assistant Manager.