



Nanyang Technological University
DIVISION OF ECONOMICS
Seminar Series

The Division of Economics invites you to a seminar by Professor Shang-Jin Wei

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- Speaker** : **Shang-Jin Wei**
Chief Economist of Asian Development Bank and Chair Professor at Columbia University
- Topic** : **"Estimating Unofficial Incomes of the Officials"**
- Chairperson** : **Assistant Professor Laura WU**
*Division of Economics
School of Humanities & Social Sciences*
- Date** : **8th March 2016 (Tuesday)**
- Time** : **10.30am to 11.30am**
- Venue** : **Meeting Room 4 (HSS-04-71)**
*Nanyang Technological University
School of Humanities and Social Sciences
14, Nanyang Drive
Singapore 637332*

About the Speaker:

Professor Wei is the Chief Economist of Asian Development Bank and Director General of its Economic Research and Regional Cooperation Department. Before joining ADB he was the N.T. Wang Chair and Director of the Chazen Institute of International Business at Columbia University, Director of the National Bureau of Economic Research's working group on the Chinese economy, and a research fellow at the Center for Economic Policy Research (Europe). Prior to Columbia University, Mr. Wei was an Assistant Director and Chief of Division at the International Monetary Fund (IMF) where he led the Fund's policy research and advised on issues in international trade, investment, globalization, and related topics. With a long and distinguished career in academia and international finance and trade, Professor Wei has many high impact publications on various top journals such as American Economic Review and Journal of Political Economy

Abstract:

Many countries have pervasive corruption where government officials take bribes. Estimating the size of the unofficial income by anti-corruption agencies or scholars (beyond one's legal government salary) is difficult since bribes are largely unobserved except in the occasional media reports of already exposed and possibly extreme cases of corruption. We propose a way to systematically estimate the unofficial income based on house purchase information under the assumption that if an official has unofficial income, he or she is likely to own a more expensive house than some non-official with a comparable salary. We apply this idea to China and infer that the amount of unofficial income for an average government official in the data set to be 60.0% of his or her official permanent income. More interestingly, we find that the unofficial income (as % of government salary) increases with the rank of the officials and the relative importance of government agencies. We discuss reasons for why our estimates may be a lower bound. We also find evidence that real estate companies offer discounts to government officials when they purchase a house. The unofficial income would be even bigger when taking into account the housing discount.

Reservation:

Admission is free. Please reply to h-dae@ntu.edu.sg to confirm your attendance.