

Strike balance between performance and resilience: Economists

Justin Ong

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In a post-Covid-19 world, Singapore should strike a balance between performance and resilience, even as it becomes less dependent on foreign workers against the backdrop of rapid advances in technology and digitalisation.

Several leading economists offered this view yesterday at the Singapore Perspectives conference.

"Let's now drive, not for maximum efficiency, but for the right mix between performance and resilience. Don't get caught out again by the next pandemic," said Professor Danny Quah, dean of the Lee Kuan Yew School of Public Policy.

He urged companies to resist looking for technological advancements leading to gains in productivity that would shed workers. Instead, high-performing sectors could raise demand for labour that would draw workers out of low-productivity industries, increase per capita income and generate upward social mobility.

On the panel were University of Michigan professor emerita Linda Lim, Singapore International Chamber of Commerce (SICC) chief executive Victor Mills, London's Centre for Economic Policy Research president Beatrice Weder di Mauro, and moderator Christopher Gee, Institute of Policy Studies' head of governance and economy.

Prof Lim noted that Singapore's dependence on foreign skills and labour would be reduced by automation, artificial intelligence (AI) and digitalisation, including in sectors like construction and retail.

The rise of remote work was both a boon and a bane, she said.

"It enables someone in Singapore to work from home for an employer and produce for a market located anywhere in the world, but it also puts someone in Singapore in competition with people with similar skills elsewhere," said Prof Lim.

"So instead of customers employing Indian or Chinese foreign talent in Singapore, they can be employed in their lower-cost home countries at lower salaries."

Technology thus enables the bypassing of hubs in a "hub and spoke" business model, she added.

She called on Singapore to instead develop an ecosystem with unique indigenous capabilities - one able to produce independent rather than state-linked or state-dependent enterprises, and focused on regional rather than global markets.

She noted that founding prime minister Lee Kuan Yew himself had bemoaned, back in 2002, the lack of domestic private entrepreneurship in Singapore.

SICC's Mr Mills added that with Asean now key, the emphasis needs to shift to building up the ability to partner, collaborate, innovate and take greater advantage of growth in the region.