What did President Obama’s State of the Union address, and the reactions to it, tell you about US policy going forward? What are the implications for the rest of the world, and in particular for small and open economies like Singapore’s?

Winning the future

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I’m at the World Economic Forum in Davos and have just heard Bill Clinton speak. My thoughts on Mr Obama’s State of the Union have taken on a new slant after hearing a past president and a current president, both from the Democratic party, speak.

My take is that President Obama will only have one focus in mind: Whether Republican or Democrat, the US government needs to create jobs – and that’s about 140,000 new jobs a month. This is all that matters for now.

Some of the measures to be adopted may imply some subtle barriers into the US domestic market, in terms of goods and human capital flows. And so Asia may have to depend on more inter-regional trade within Asia itself.

But Mr Obama also wants to see inclusive growth within the US and also across nations. So they are also appealing to the good sense of growing economies in the rest of the world to help the US out, as a stronger US economy will help bring sustainable growth to the rest of the world.

However, restructuring takes time and Mr Obama does not have time on his side. So Singapore should work closely with other economies other than the US, adopting shared norms as we put in place an inclusive growth model within Singapore and Asia and eventually with the rest of the world. A global coordination of efforts is needed now more than ever. We are a connected world.