First-rate, not First World, MPs and govt

A STUDENT of Singapore Management University e-mailed his objection to my letter last Saturday about manufacturing ("Why it’s vital to keep manufacturing alive").

My response to him was that infant industries should never be protected via trade restrictions, but can be promoted or nurtured in ways that do not penalise trade or create shelters from competition.

We are observing rapid changes in comparative advantage, for example, in better education, training, immigration of talent, even of unskilled labour and research and development.

Singapore faces immense challenges from China and India. If we do nothing, we shall rapidly de-industrialise and be reduced to depending on health care, financial services, construction and government jobs to keep the economy going.

Unlike Hong Kong, we do not have a godfather and dependable hinterland; our neighbours would sooner see us perish than nourish our service sectors.

Former senior civil servant and current Singapore Democratic Party candidate Tan Jee Say is utterly wrong when he wants to help our neighbours by using $10 billion of our hard-earned reserves to expedite the transfer of factories to them.

Which side is he on? Let us get real.

America has been losing competitive ground to China and others because it has neglected education, particularly in mathematics, science and engineering training, infrastructure and research and development, because of profligacy, resulting in enormous debts and deficits.

American economist and Nobel laureate Paul Krugman is wrong. Germany has been able to latch onto China’s growth via quality engineering exports and luxury, high-quality cars.

Because we have no resource base, we must build up reserves and our leadership has to be exceptional.

For the moment, study what happened to Iceland, Ireland and Greece.

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