

Singapore Management University Institutional Knowledge at Singapore Management University

Research Collection School Of Economics

School of Economics


4-2011

Why It's Vital To Keep Manufacturing Alive

Augustine H. H. TAN

Singapore Management University, ahhtan@smu.edu.sg

Follow this and additional works at: https://ink.library.smu.edu.sg/soe_research

 Part of the [Asian Studies Commons](#), [Growth and Development Commons](#), and the [Industrial Organization Commons](#)

Citation

TAN, Augustine H. H.. Why It's Vital To Keep Manufacturing Alive. (2011). *Straits Times*. A47-A47. Research Collection School Of Economics.

Available at: https://ink.library.smu.edu.sg/soe_research/1358

This News Article is brought to you for free and open access by the School of Economics at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection School Of Economics by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email libIR@smu.edu.sg.

Why it's vital to keep manufacturing alive

IT IS interesting that Singapore Democratic Party candidate Tan Jee Say's online article, "Creating Jobs And Enterprise In A New Singapore Economy – Ideas For Change", was endorsed by Lord Butler of Brockwell, who served as private secretary to then Prime Minister Margaret Thatcher and head of the British Civil Service in the 1980s and 1990s when Britain de-industrialised.

Mr Tan should note what the current Chancellor of the Exchequer, Mr George Osborne, said last month in his budget speech: "We want the words 'made in

Britain, created in Britain, designed in Britain, invented in Britain' to drive our nation forward". Too late!

Stanford Professor Ronald I. McKinnon has commented that "the rate of technical change in manufacturing is much higher than in other sectors. And it is hard to imagine the US sustaining its technological leadership with no manufacturing sector at all".

"It is very probable that manufacturing and its associated learning-by-doing serve as a strong engine for the creation of the external benefits that accelerate economy-wide productivity growth. That means

that the loss of manufacturing will inevitably be accompanied by a decrease in productivity growth."

US President Barack Obama has also decried the de-industrialisation of America. Without a powerful engine of growth, America faces real wage declines and continuing joblessness.

Singapore is right to keep manufacturing alive and robust.

Augustine Tan
Professor of Economics,
Singapore Management University