

# India, South-east Asia can create new era of opportunity: President

Ng Wei Kai

India and South-east Asia are well positioned to create a new era of opportunity, equity and sustainability, despite the resurgence of industrial policies among the major economies, said President Tharman Shanmugaratnam.

Working with other responsible middle powers, both regions have the ability to strengthen multilateralism, which, despite its imperfections, has been an arrangement that has served nations both rich and poor well for decades, he added on July 11.

Speaking at a dinner to mark the 20th anniversary of the Institute of South Asian Studies (ISAS), President Tharman also expressed optimism that Singapore-India relations will continue on an upward trajectory.

Industrial policies – such as tax breaks and subsidies to promote specific industries domestically – are returning at a rate not seen since the 1960s and 1970s, despite having largely failed then, noted Mr Tharman. For instance, the International Monetary Fund tabulated 2,500 industrial policy interventions in 2023, two-thirds of

which were intended to discriminate against foreign interests.

Such interventions by governments are being made not because of any powerful new evidence or a cogent reappraisal of what brings about prosperity, but “by way of drift and tit-for-tat actions”, he told an audience of about 180 guests at The St Regis Singapore. The result is a world where competition is unstable, and the trade and investment environment is shifting and unpredictable, he said.

“In other words, it is both a reaction to heightened geopolitical contestation, and a further source of weakening of the global economic order,” said Mr Tharman.

But India and this region have the agency to respond and shape global reality in a way that secures both national interests and the global good, he told an audience that included Deputy Prime Minister Heng Swee Keat, who is ISAS’ patron, and Emeritus Senior Minister Goh Chok Tong, who helped establish the autonomous institute at the National University of Singapore.

For one thing, neither region is caught in the largest geopolitical conflicts of the times, nor are they involved in today’s major tensions.

Both also have societies where



President Tharman Shanmugaratnam and Institute of South Asian Studies (ISAS) chairman Tan Tai Yong with a gift for Mr Tharman, titled *Tree Of Life*, at a dinner to mark ISAS’ 20th anniversary on July 11. PHOTO: LIANHE ZAOBAO

the majority of ordinary people are hopeful they can achieve major uplift in their lives – a rarity today, noted Mr Tharman.

Combined, India and South-east Asia also account for over a quarter of the global population and 15 per cent of its gross domestic product, and are the fastest-growing regions in the world, he added.

“We have to make the most of this positioning of the two regions

in the decade ahead,” he urged.

Mr Tharman made three suggestions on how they can respond to this global trend of growing industrial policy.

First, focus on policies that develop one’s own capabilities, instead of seeking to crowd out other countries.

“We have to remind ourselves that innovation remains the fundamental driver of long-term growth

in every country,” Mr Tharman said. “We either spur innovation through a competition of capabilities, or stifle innovation by cutting out the competition.”

Second, recognise that developing every individual and continually upgrading skills is a complex endeavour, and deepen collaboration between government, companies, unions, community groups and training institutes.

Even as this is done, investments must be made to keep society inclusive so that the political consensus for open economic policies is maintained, Mr Tharman added.

Third, India and South-east Asia should strive to work with other responsible partners to build coalitions that can tackle complex global issues, such as energy transition to mitigate climate change.

Singapore and India should be able to build greater depth and breadth in their bilateral relations in the coming years, he said.

That Prime Minister Narendra Modi won a third term at India’s general election in June is a remarkable feat in a massive and robust democracy, Mr Tharman said. The result also spoke of how millions of Indians have seen their lives uplifted under Mr Modi’s leadership, especially by gaining ba-

sic amenities and services that had eluded them for decades.

“We can expect broad continuity in India’s domestic and foreign policies,” Mr Tharman added. “Certainly, we should expect our bilateral relations, which are deep and enduring, to remain on an upward trajectory.”

He noted that the new industrial interventionism has found favour among not only politicians, but also many economists.

Mr Tharman cited economist John Maynard Keynes, who famously observed that politicians who believed themselves exempt from intellectual influences were “usually the slaves of some defunct economist”.

“The equal danger we run today is of economists and commentators, not least those in the advanced economies, despite protestations of independence, being in the service of the political temper of the times,” he said.

“I’m sure ISAS will continue to bring outstanding minds from India, South-east Asia and others in East Asia to help advance honest thinking on our long-term interests, and to help build robust partnerships in a troubled world.”

ngweikai@sph.com.sg