A Shifting Paradigm and Growth Strategies Reappraisal in Post-Crisis Asia

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A Shifting Paradigm and Growth Strategies
Reappraisal in Post-Crisis Asia

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Introduction

• The Financial Crisis of 2007 has had far-ranging implications for the global economy.

• Questions were raised if export-led growth model in Asia has hit the limits.

• Income growth must be inclusive and sustainable, and to be achieved alongside other goals.

• Asian economies need to rebalance growth toward greater reliance on domestic and regional demand with a greater emphasis on social and environmental sustainability.
Rethinking about Growth Strategies

• Policy makers are reviewing long-term economic growth strategies for sustained post-crisis growth.

• Drivers of growth remain strong in the Asia Pacific region.

• Rapid economic growth to raise income levels remains a critical priority, on top of the longer-term challenge to achieve inclusive, balanced, sustained growth.

• Governments should also improve the management of capital flows, to insulate economy from the adverse impacts of capital flow volatility.
Enhancing Social Inclusion and Protection

- Focus on growth strategies that expands access to opportunities, and contributes to poverty reduction.

- Increase investment in public education and improve skill-training systems.

- Create more secure jobs with adequate social protection.

- Expansion of social security, public health insurance, and unemployment insurance can reduce the need for private precautionary savings.
Rebalancing spending and production

- Recent rapid Asian export growth was accompanied by a sharp worsening of the global payments imbalance.

- Some observers argue that surplus countries to consume more, and save less to address the imbalance.

- Growth in developing economies requires that the world economy absorb a rapid increase in the supply of tradeables produced in developing economies.

- In the near term, export demand from developed markets will remain sluggish.
The Outlook

• Trade liberalization becomes important as Asian economies must also find new sources of demand.

• Create and strengthen new engines of growth, focusing on entrepreneurship and innovation.

• Investment in education, deregulation, and policy incentives are key priorities.

• Develop a financial sector that supports and finance entrepreneurship and small and medium sized businesses,

• Despite diversity of Asia-Pacific region, there is convergence on economic and social priorities in many Asian economies,