

Market forces making public policy complex

And rise of GLCs complicates issues further, two academics say

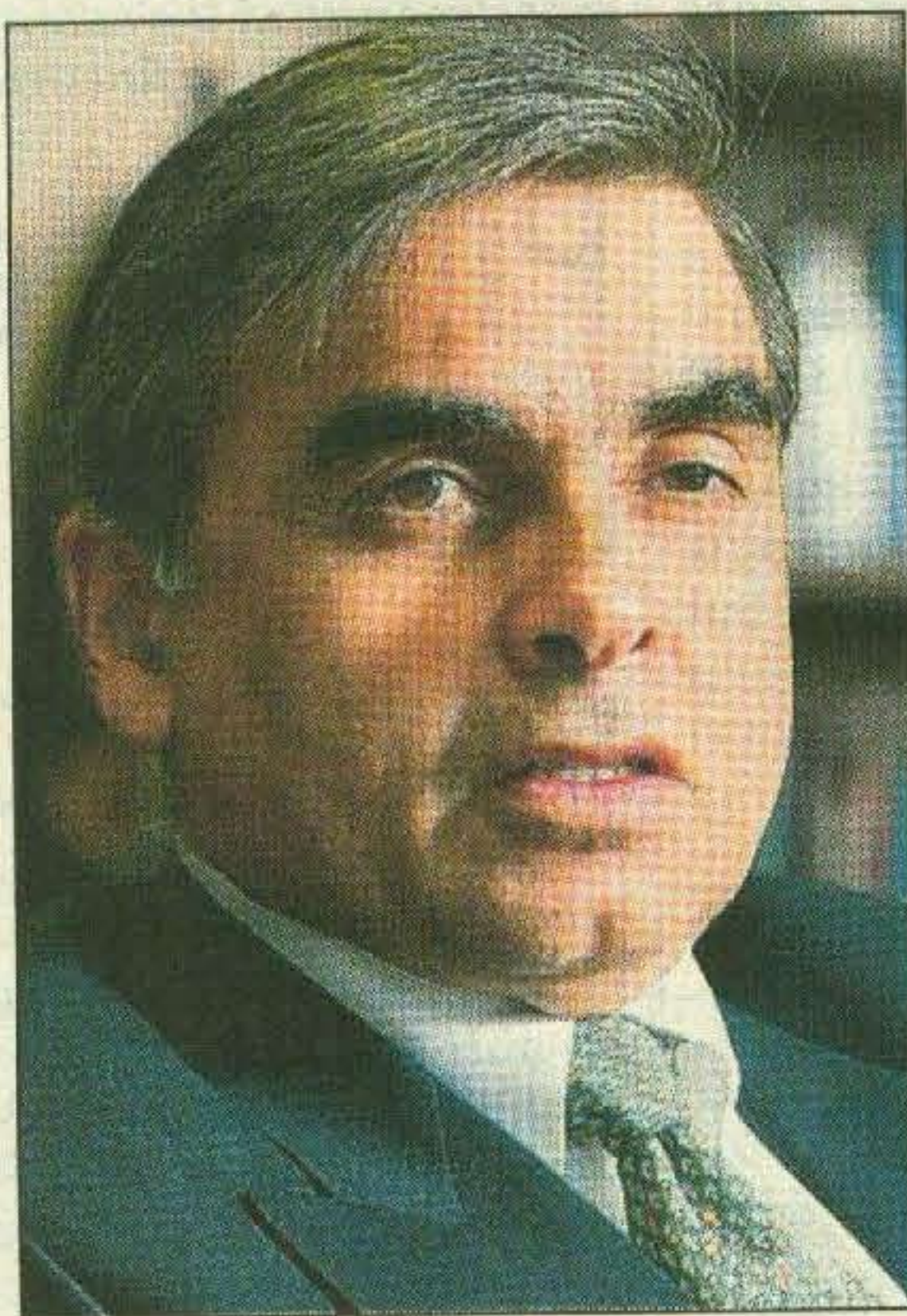
By **CONRAD TAN**

GOVERNMENTS today face increasingly complex decisions in balancing the public interest against growing market forces that are sometimes shortsighted, the heads of two top public policy institutions said yesterday. Matters are complicated by the way some governments are responding to the rise of government-linked private corporations, they said.

David Ellwood, dean of the Kennedy School of Government at Harvard, and Kishore Mahbubani, dean of the Lee Kuan Yew School of Public Policy, made the remarks during an interview with BT yesterday, before signing a series of agreements between the two schools.

Starting from September next year, students in the LKY School of Public Policy master's programme in public management can choose to spend a full, four-month semester at its counterpart in the US.

Although market-driven economies have become increasingly dominant in the developed world, governments still play an important role in supporting and facilitating business while defending the public interest, said Prof Ellwood.



Prof Mahbubani: *The concept of corporations which are directly or indirectly owned by governments is new and 'we haven't come to a consensus yet on how to adapt and adjust to that'*

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"There will be times when when the markets are myopic and the public interest will demand a broader perspective," he added.

The influence of market forces in an open economy has made public policy making much harder, said Prof Mahbubani. "What people don't appreciate is the complexity of government decision-making because of the number of factors that you have to weigh," he added.

Governments today also need to face the rise of private corporations which are directly or indirectly owned by other governments, he added. Such entities are new and "we haven't come to a consensus yet on how to adapt and adjust to that", he said.

"Unfortunately, the first few responses haven't been very encouraging," he said, citing the recent US decision to turn down an offer by Saudi-owned Dubai Ports World to buy six US ports and the controversy over Temasek's bid for Thailand's Shin Corp.

He said: "The US is the richest country in the world, and yet it is the largest recipient of inward investment interest. It doesn't make sense for developing countries in South-east Asia to close our doors upon investment. If we do that, we're shooting ourselves in the foot. The danger is that if we close our doors, all investment is going to go to China and India."