

'Relax': Nobel Laureate's advice to Singaporeans anxious about jobs

Visiting Laureates believe the Republic remains relevant in these volatile times, citing its size, openness, and commitment to education

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Guest of honour Baey Yam Keng, Parliamentary Secretary for the Ministry of Culture, Community and Youth, taking a selfie with (from left) Paul Donovan, chief global economist, UBS Wealth Management, Nobel Laureates Peter A Diamond, Robert Merton, Roger Myerson and Michael Spence. Behind Mr Baey are emcee Jade Seah and Tracey Woon, vice-chairman Asia Pacific, UBS Wealth Management.

Singapore

THERE is palpable fear of job losses from technological disruption, judging by the responses from some 1,000 tertiary students in Singapore on Wednesday - an anxiety that caught at least one of four distinguished Nobel Laureates by surprise.

The four Nobel Laureates in the field of economic sciences, who were in town as the first stop of a global UBS conference streamed live across the world, believe that Singapore remains relevant in these volatile times, noting that Singapore's size, openness, and commitment to education will equip its next generation with the needed survival skills.

The responses came as more than half of the young respondents polled at the event said they feared machines would catch up to human intelligence, while the single-biggest concern they had in thinking through Singapore's future is jobs.

"My main message is: relax," said Nobel Laureate Michael Spence, who was surprised by the anxiety reflected in the polls.

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The Nobel Laureates sought to ease concerns over the rise of robots, noting that the imagination of technological advances today still sit along the spectrum of science fiction. They cite studies that show the main beneficiary of these technologies are educated professionals, and in particular, young people who are able to adapt more quickly to technological changes than the older generation. The ones who are most at risk are blue-collar workers whose jobs are in effect processes that can be replaced by machines.

UBS's own study showed that over 40 per cent of current jobs are at risk, but just under 10 per cent of jobs will disappear. The remaining 30 per cent of jobs will be transformed, UBS Wealth Management vice-chairman Tracey Woon told BT.

The Nobel Laureates remained optimistic about the ingenuity of the human mind, with Mr Spence noting that the conversations around technology should review, in part, the rules that are needed to monitor new risks that arise from the greater use of technology such as cybersecurity. "The focus shouldn't be about the machines per se. It's about us, and our interaction with the machine."

The use of artificial intelligence (AI) remains something that complements jobs done by humans, and does not replace human workers, added Mr Spence, who has studied the dynamics of the job market for the educated workforce.

"AI as we understand it now is a tool, not a substitute. When we did empirical work before, we used to spend hours and hours just digging up data. Now we spend much less time digging up data and more time understanding it."

Mr Spence also does not see automation as a primary threat in Asia in reducing reliance on cheap labour.

"It is a threat but not a threat primarily in Asia," he told media at a separate briefing. "It is primarily a threat for early stage late-starting developing countries for whom the labour-intensive process oriented manufacturing is the natural first step. Lots of these are in Africa, some in Latin America and maybe two or three in Asia. But most countries in Asia are now middle income and above, and this is not an issue."

Singapore's relative importance to the world will only increase amid the rise of Asia, said Nobel Laureate Roger Myerson. "The balance between the great civilisations of the world such as Western Europe and the North America-centred world is a long trend that is likely to continue."

Amid the global uncertainty around technological disruption, Nobel Laureate Robert Merton noted that Singapore's size works to two advantages. For one thing, because of its small size, most individuals in the country can feel that he or she is part of the society. Singapore's size also translates to flexibility and the ability to change - which are critical at a time when things are uncertain.

"Because of the way you are trained, you are capable of responding to change, to respond to events you cannot predict," said Mr Merton. "Instead of change being something that you're afraid of, you say... I have a comparative advantage in dealing with change, so bring it on."

In fact, it was Singapore's position as a technology, finance, and education centre that made it the natural first port-of-call for the inaugural conference with the Nobel Laureates, said UBS's Ms Woon.

But governments all around the world have to consider more traditional considerations. For example, pension systems will have to take into account the expected stretch in retirement years as Baby Boomers continue working. There also needs to be a stronger safety net for employees around the world who are displaced by technology or by free competition in an open economy.

Still, having spoken with Singapore's civil servants who review the country's pension scheme, Nobel laureate Peter Diamond has found them to be intelligent and well-educated, which puts Singapore in a good position to confront volatility ahead.

"You have a process that pays them enough. You have a system that takes their input seriously," said Mr Diamond, who studies pension systems. "There will be political disputes, but they are disputes you can address in a good way."