

All hands on deck for the next phase

Gillian Koh,
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The Minister for Finance has just delivered his Budget speech. He gets a high mark from me. This is a good Budget for any year, an election year or a non-election year; indeed, it will be a good Budget for more than a decade, if the promises it holds become reality. The reason is that the Budget takes the ruling People's Action Party (PAP) and Singapore back to the fundamentals of governance on three counts.

First, the best form of welfare is a job. The incentives are there for Singaporean workers to improve their performance if they wish. The income support scheme for low-wage workers, Workfare, is given a boost, but there is also across-the-board support for training and productivity improvements aimed at increasing income by a third in 10 years.

Raising the quality of our workers provides a more sustainable basis for higher wages and standards of living than ad-hoc, outright transfers like 'growth dividends' or 'economic restructuring shares'.

The Government has reiterated its commitment to human resource development. It is difficult to argue against its \$5.5 billion investment in industry-targeted upgrading unless businesses do not respond to the measure as they should.

This leads me to the second point: A healthy sense of tripartism is still important for Singapore's next phase of growth. Employers need to play their part by grasping the opportunities the Government has offered to upgrade their business processes, introduce productivity tools and send their workers for training. The substantial public money committed to this effort represents society's hope that, where possible, businesses should hire Singaporeans at wage levels sufficient to sustain good livelihoods.

At lower levels, it would be difficult for Singaporean workers to compete with foreign workers. The latter accept 'discounts' on their wages because the cost of living for the families they are supporting back home is lower than in Singapore. The new innovation and productivity drive will help businesses to more readily afford the local worker by raising his productivity.

Our employers need to adopt a national perspective and a more holistic view of their own role. They are not only business leaders but also citizens, taxpayers and people with their own families. Business leaders cannot leave social policy to the Government.

Time and again, workers have made sacrifices to keep companies afloat during tough times. The Government has done likewise with programmes like the Jobs Credit scheme and the Special Risk-Sharing Initiative during last year's downturn. The 2010 Budget's provision of more support for innovation will further assist businesses to move into higher value-added activities. It is important that, as part of the Singapore system of tripartism, employers prove again that they are willing to fulfil their responsibility to workers and respond positively to the incentives the Government has offered.

Of course, it is possible that there are industries where the market for each player is too small to justify investments in labour-saving or productivity-boosting business processes. Perhaps these industries might benefit from some restructuring by merging the players so as to achieve critical mass and economies of scale to justify the investments. These industries may include security, estate maintenance, events management, catering and so on.

The third point is the need for an adaptive government and people. The country's population is ageing, and would shrink too if not for immigration. However, each succeeding cohort of Singaporeans is better educated than the previous one - and all will now have greater opportunities for continuing education. Each cohort is also going to aspire towards higher standards of living.

If we do not squander what we have built over decades through the 'over-consumption' of housing and medical care, we will find that a real growth rate of 3-4 per cent annually, based on real improvements in value, will translate into a better quality of life for all.

A small country like Singapore does not need much of a tide to lift all boats. The Government is correct in its recognition that, after 50 years of sustained high levels of growth, the country is ready to shift to a new paradigm - and aim for more mature rates of growth at a higher base, as befits an 'advanced economy'.

The next phase of growth will not be based on force-feeding the system with more people. Rather, it will be based on removing all barriers to enterprise and encouraging Singaporeans to chase their dreams as best they can.

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