# SINGAPORE PERSPECTIVES CONFERENCE: PM throws light on what led to infrastructure strain

## We didn't have 20/20 foresight - next time, we will try to do better, he says

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Prime Minister Lee Hsien Loong yesterday gave the most comprehensive account to date of the circumstances that ultimately led to the strains on infrastructure in recent years.

He focused on the ups and downs of the global economy and how the Government reacted to it, starting with the downturns triggered by the 9/11 terrorist attacks in the United States more than a decade ago.

PM Lee was responding to a question from Mr Leon Perera, chief executive of Spire Research and Consulting, at the annual Singapore Perspectives conference of the Institute of Policy Studies.

Mr Perera had asked if Singapore might benefit from having a public hearing or commission look into the lack of coordination between those managing public infrastructure and population size.

"You don't need a commission or an inquiry to find out how it happened, I can tell you how it happened. It happened because we didn't have 20/20 foresight," responded Mr Lee, to laughter from the audience.

He started with the recession of the early 2000s - which began with the terror attacks and was then prolonged by the outbreak of the severe acute respiratory syndrome (Sars) - noting that population growth then was low, home prices were down and large numbers of foreign workers were going home.

The tide changed in 2005 and 2006. And that was when he decided to "try and make up for lost time".

"You want the economy to grow, you want Singapore to make progress and you don't know how long the sun is going to shine," he said. "As it turned out, the sun remained shining for longer than we expected."

The population, including foreigners, thus grew faster than expected and infrastructure lagged behind. The total population grew from 4.2 million in 2005 to 5.3 million last year.

But Mr Lee said he could not start turning away businesses during the period the economy was growing.

"Should we have said... Let's forget about the growth, we don't need the IRs (integrated resorts), we don't need these extra jobs, we just stay where we were? I think that would be very risky.

"Should we have given ourselves more buffer and said, let's build and be ready? I think in retrospect, clearly yes, we could have done more."

Mr Lee stressed continually not just how difficult it was to predict economic changes but also how sudden those changes can be.

He said that when the global financial crisis hit in 2008, the Government braced itself for a deep dive. The economy dipped up to 10 per cent in one quarter and there was no talk of home prices or shortage of HDB flats.

The Government rolled out a slew of measures to try and temper the effects of the crisis.

It tracked the property market closely, but this remained flat until a sudden turnaround in mid-2009.

"Every month it was flat, flat, flat, flat, flat but in June 2009 tremendous blip... In the course of two weeks during one or two private property launches, somehow the wind changed. It's like the spring breeze touches your face. And the market was off," he said.

It was the sudden change of pace that made it difficult to react to, he said. While the economy can change overnight, infrastructure projects take years.

Still, the Government has learnt from the experience, he said.

"Next time, we will try to do better, certainly to have a bigger buffer and not to cut things so fine, but I think it's very difficult to know 10 years from now how many (homes) you will need," said Mr Lee.

"Even if you know how many persons there would be in Singapore, you can't say for sure how many houses there would be. Will they buy it or will they say, no, I'm not certain because the economy is not looking good or because the politics are uncertain and, well, I'll hold off?

"But when the market goes up it goes up with a vengeance and, well, we've paid a political price. We learn from it."