

We did not have 20/20 foresight, says PM Lee

Uncertainties due to economic cycles and foreign worker inflow led to policy misstep

Neo Chai Chin

Today, 29 January 2013

The question was whether Singaporeans would benefit from a public hearing on how public infrastructure came to lag behind population growth.

Posed yesterday at an Institute of Policy Studies conference on governance, it prompted Prime Minister Lee Hsien Loong to provide the most detailed explanation yet on the policy misstep, which has been a hot-button issue since it first surfaced in 2009.

“You don’t need a commission or an inquiry to find out, I can tell you how,” he responded to audience member Leon Perera, a business consultant who spoke in his personal capacity.

“It happened because we didn’t have 20/20 foresight,” said Mr Lee, citing uncertainties wrought by economic cycles and foreign worker inflow in the last decade.

In retrospect, more could have been done to get ready for a larger population, and the Government will try to do better going forward and create a greater buffer in its planning, the Prime Minister added.

The Government will release its population White Paper today, which will make “a guess” on the parameters for jobs, housing, transport and infrastructure to ensure good quality of life for Singaporeans, said Mr Lee.

Mr Lee recounted that Singapore’s economy ran into recession in the wake of the Sept 11, 2001 attacks, and slow growth led to foreign workers heading home “in some numbers”, he said. Housing prices went down and the Government did not know how long the downturn would last, he added.

Then by 2005 to 2006, things began to look up.

“We decided, I decided, that we should try and make up for lost time, because 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 told an audience of academics, and business and civil society representatives at the Shangri-La Hotel.

“As it turned out, the sun remained shining for longer than we expected. So the population grew faster than we expected, our infrastructure didn’t keep up.

“Could we have predicted that we would have five years where the economy would grow brilliantly and our population would increase so rapidly? I don’t think we could easily have said that.”

He added that it would have been “very risky” to turn away extra jobs created and opportunities like the integrated resorts. So the Government forged ahead, only to have the “strains” show up “quite suddenly”.

In 2009, the Jobs Credit Scheme was introduced and the Republic recovered more quickly than expected from the global financial crisis.

Fewer foreign workers left for home than expected.

The housing price index, which had remained flat for months, suddenly shot up in June that year. By August, the Government was thinking of property cooling measures, said Mr Lee.

On whether policies could be finetuned along the way, Mr Lee said it was not possible, given uncertainties in a volatile world. Changes can happen in the span of weeks – like how the property market changed in 2009 – or a year. But to ramp up the housing programme and to plan and build a train network takes five to 10 years, he noted.

“You have to make a stand on it, you have to make your best guess, build in some safety factor and even then, it may turn out differently than you had planned,” he said.

In a wide-ranging dialogue, Mr Lee was also asked about the difference between being popular and being populist, and whether the Government could take more steps in healthcare and transport policies to reinforce that it was on the side of the people.

Mr Lee said being populist means taking action that is pleasing but may be harmful to the masses. Popular policies could please the masses, but also serve to do good. “I think what we are trying to do as a Government is to try and package our policies so that they can be popular, but at the same time they can be beneficial,” he said.

He added that Our Singapore Conversation, the ongoing national dialogue, seeks to come up with new ideas on how to achieve “good objectives” without running into problems commonly encountered in the rest of the world. He said the right mechanisms have to be used and “you want to do it in such a way that people do not feel whenever you have a problem, it’s the Government which has to be blamed”.