

## **Ravi Menon: Singapore must get used to higher prices — ‘The era of cheap money, cheap labour, and cheap energy is over**

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Mr Ravi Menon, the Managing Director of the country’s central bank the Monetary Authority of Singapore (MAS) has explained why Singapore must get used to higher prices moving forward.

“The era of cheap money, cheap labour, and cheap energy is over,” he said at the launching of his book, *The Singapore Synthesis: Innovation, Inclusion, Inspiration*, on Tuesday (Aug 23), at the Lee Kuan Yew School of Public Policy in the National University of Singapore.

Mr Menon’s book is composed of the four lectures he gave in July of last year as the Institute of Policy Studies’ ninth S R Nathan Fellow for the Study of Singapore.

“There has been too much borrowing, too much inequality and too much carbon emissions globally.

Interest rates are not going back to the zero lower bound that we have seen in the last two decades.

The cost of borrowing will be higher, more reflective of time horizons and risk premiums,” Yahoo!News Singapore quotes Mr Menon as saying.

He underlined the challenges the country faces, which include a reduced labour force as well as higher qualifying salaries for non-resident workers.

“We can no longer rely on cheap labour to power our economy and society; and we should not, as we forge a more inclusive society.”

But it is not necessarily a bad thing, the MAS head added, that “that money, labour, and energy are being priced to better reflect their relative scarcities.

The economy needs to adjust to these new cost structures,” he said, adding that the best way is “through pervasive innovation and skills upgrading as the basis for higher productivity and wages across the board.”

However, he also emphasised the importance of inclusivity in Singapore’s society, explaining that remaining cohesive means that “everyone has an opportunity to move up in life and everyone is treated with dignity and respect.

We must lift our low-wage workers, sustain median wage growth, temper wealth inequality and promote income mobility.”

Good jobs and higher pay are good for the country.

“We need safety nets for a basic level of support through some form of minimum wage and an enhanced workfare income supplement.

We need a trampoline to help those who have lost their jobs bounce back through re-employment support. We need escalators to enable people to move up a trajectory of rising wages,” he added.

The MAS director also urged for the professionalization of jobs at every level and said that lifelong learning must be made a reality for everyone, beginning from the kindergarten level.

He also put in a word for caring for the most marginalized in society —” our aged destitute, our disabled, our special needs children and our migrant workers,” calling how well they are cared for as “the true test of an inclusive society.” /TISG