

Singapore Prime Minister Lee Hsien Loong speaks on ‘The Economy’

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Singapore Prime Minister Lee Hsien Loong in an interview with Hadi Saparin, Berita Harian; Tham Yuen-C, The Straits Times; Dawn Tan, CNA; and Melissa Manuel (Seithi).

Dawn Tan (CNA): PM, let us talk about the economy.

PM Lee Hsien Loong: Yes.

CNA: So, managing the competing demands of continuing our economic growth.

PM Lee: Yes.

CNA: These political considerations vis-à-vis foreign talent and the fact that there are constant anxieties among some Singaporeans about this are also important here in Singapore. The government has to reassure Singaporeans about this. How have you approached this in a way that supports your principles?

PM Lee: We must do our best to generate political space to feel our way forward and go as far as politically can be supported. Let me explain what I mean. People's concerns about foreigners, dilution, values, and social impact are not unreasonable. Because we are a society, we are a country; it is not just a city. London, you have the whole of Great Britain. So, London, you do not have to mobilize an army and go and fight. There is a whole population outside of London, and London is cosmopolitan and diverse; it can have a majority of foreigners, but it is still the capital of Great Britain.

But Singapore, the city, is the country. So, the city itself, the cohesion must be there. The sense of values must be there; the sense of identity must be there. The way Singapore works, there is a certain way we have socialized with one another. We are Singaporeans together, as the song goes. When you bring in foreigners, in many ways, you enrich that. They bring talent, experience, and a different perspective on things, but at the same time, you dilute that temporarily because they have different backgrounds. You may come from China, but you are not Singaporean Chinese. You can come from India, but you are not the Singaporean Indian. There is a difference between Singaporean Chinese and Chinese-Chinese, as well as between Singaporean Indian and Indian-Indian. And I told one foreign leader this once, and he looked at me in puzzlement, and he turned to his interpreter and said, what is this, Chinese-Chinese, Indian-Indian? I do not know what his interpreter said, but I gave him further elaboration just in case the interpreter did not convey my meaning. You know what I mean, and it is a real concern.

On the other hand, we need the economy to grow. We need talent to develop new things in Singapore and stand out globally. And you need more talent. We need

people because there are jobs that there are no Singaporeans available to do, like construction.

There are also other jobs that Singaporeans are available to do, but you would need more and more. And if I can have 10 percent or 20 percent more engineers, technicians, or healthcare workers, I can do a lot more things; I will be more productive, but I cannot take away 10 percent of people and then become 10 percent smarter and faster just on my own. So I do need the people. So, how do I reconcile these two?

Suppose you look at a country like the UAE. In that case, their answer is – I bring in as many as I want, I have oil, I use that oil to take care of my resident population basically, and I run the economy and everything; practically everything is done by people who come from all over the world. But Singapore cannot run like that. So we must keep bringing in talent and numbers, but in a controlled way, which is good for our economy and complements Singaporean workers and professionals rather than putting them out of a job. At the same time, it does not dilute my social norms and mores and the way Singapore works and causes friction and conflict within Singapore.

And you have to judge that. It is partly making sure you have enough infrastructure; that is the physical part of it. You have a big population, so where do the foreign workers go? They need entertainment on weekends. It is partly educating the people who come here that this is Singapore. Please respect Singapore norms and some things you can do in your home country. Please take care of them and do not do them like that here. They may not become Singaporeans straight away, but you know that you are a guest and, well, be a good guest.

On the other hand, we also need to get Singaporeans to understand how important it is for them to come in, for them to be here and be able to make accommodations. Make that effort to reach out with your hands and say, “Welcome. I am your neighbor; I am a Singaporean. If you need help, please let me know, and let me show you around.” And then, hopefully, you would not bump into so many things as you go around Singapore and break them.

CNA: You are right, PM. The need for foreign talent is not unique to Singapore. It occurs around the world in almost every jurisdiction. But it is particularly acute here in Singapore. Do you think that there may ever come a time when we need to calibrate the way that we think about this, even as we keep these principles of our

open economy alive?

PM Lee: We have been calibrating it already. You cannot go and open your doors, and anybody who wants to come can come. Millions want to reach; literally, we will be swamped. So, we have to manage it. At the low end, we have foreign worker quotas and levies, which are very complex systems you manage by numbers.

At the top end, we have not managed by numbers, but we manage by qualifications and what sort of jobs you are doing. So, we have the employment pass mechanism; we adjust the salary threshold progressively to be comparable to Singapore salaries, and they come in at the appropriate level. And even more is needed.

So, we introduced a COMPASS system for EP holders last year or the year before. There is a point system: what is your industry, what is your qualification, what is the particular company you are in, and does it have a good diversification of foreign employees? So, it is not a company with 90 percent of the people coming from a single source. Hopefully, we will have a more diversified and easily integrated foreign population.

Therefore, we can accommodate a few more. We have to see how it works. It will take a bit of time to know. I am sure we will continue refining it, but we must keep doing these things and adjusting as we go along. That is why I said—feel our way forward. You cannot be on autopilot.

Melissa Manuel (Seithi): PM, moving forward, I would like to ask about the youngsters in Singapore and how they can build confidence that they are doing better than the previous generations, especially so when they are less likely actually to upgrade.

PM Lee: Well, my starting point is, as an older man, I envy young men and women. Because you are enjoying advantages and opportunities that never existed in my generation, we have built Singapore, the education system, educated you, and given you perspectives on the world and opportunities to travel. If you go to university, practically everybody who goes to NUS (National University of Singapore), SMU (Singapore Management University), or SUTD (Singapore University of Technology and Design) has an externship and overseas attachment somewhere during his university course. About 40%, nearly 50% of Singaporeans now go to our autonomous universities. In my generation, only about 3% or 4% went to universities in Singapore.

Now, you grow up learning to swipe the iPad before you learn to speak. It may not be a good thing, but you have the opportunity to be exposed to technology, to use technology to connect to the world, to be more productive, and to do all kinds of jobs my generation never heard of, E-Sports trainer – you can make a living! You are sitting there playing with your fingers and mouse in a super special chair with a big screen, and you can make a living. So, is that a worse life than the previous generation? I do not think so. What is true is that the previous generation came from the third world to the first. We took them there on the journey – started poor, progressed rapidly year by year, and ended up with most not poor. Many are well-off, and some are very, very successful. That is an exhilarating journey. You start with a three-room flat, end up in an executive

apartment, or maybe upgrade to private property. In this generation, you have a four-room, five-room, or maybe a condo. You are not starting at the exact very low level but at a higher level and a higher quality of accommodation and life. Can you bring it higher? The answer is yes. It will not improve as fast as before, but you came very fast from here to here and are not returning. You are going up from here – slower – but if we work at it, we can continue moving upwards. I would feel very disappointed that a young person was pessimistic about his opportunities in life and wished he had been born earlier. I wish I had been born later. You must argue, you are a young person.

Seithi: Well, fair enough. I do stand with what you say.

Tham Yuen-C (The Straits Times): How do you think the government can convince young people not to look at all these financial gains? I think, as you said, it is looking at other people starting with a three-room flat and ending up in a bungalow. And they are thinking that is never going to happen to me. Because of that, they almost feel like they are not doing as well as the previous generation. How would you convince the young people?

PM Lee: I think I would talk about quality of living. Many older people lived five, six, or ten in their rental flat. Nobody does that today. Many went from rental flats to executives, some even to private property. Not so few. If you move into a new flat in Bidadari or Tengah, can everybody journey from where you are now? Probably not everybody can do that. But that is only in terms of the area of the house you live in. In terms of the quality of life in your home – the amenities, the connections, the social environment in the neighborhood which we have built up – I think you can have a very high quality of life in Singapore, and comparable to, if not better than

any nearly every other major city in the world.

We must find out what other major cities in bigger countries can do. If you work in Manhattan in New York, you could go upstate and out of Manhattan on the weekend and go to another place with more space to decompress. It's the same if you are living in London or Sydney. In Singapore, there is no upstate Singapore because all of Singapore is pretty developed. But our neighboring countries are pretty close. Many Singaporeans travel, so long traffic jams occur on the Causeway over the weekend.

Hadi Saparin (Berita Harian): You do not decompress when you go through a jam.

PM Lee: Well, the RTS Link will make things better. I am told what people do is that if they expect a jam, they download their Netflix movies and sit there to watch the film while waiting to clear CIQ.

ST: Hopefully, the driver will not be doing it.

PM Lee:

Hopefully not.

ST: PM, on economic well-being – since you spoke about young people, what about older people? You worked way past retirement age, and Singapore is also moving towards raising retirement age. Yet anecdotally, some older adults say it is hard to find a job. Or if they have lost their job at around 50, not even old yet, maybe young seniors, they cannot find a job that easily, something that pays them well enough, or they have to downgrade a little bit. How are we going to help these people? And even as we raise the retirement age, what are the opportunities for more mature workers?

PM Lee: I think it is an anxiety for many Singaporeans. Statistically, your chances of working as an older adult in Singapore are excellent. Because if you look at employment rates by age – not unemployment rates but employment rates by age – the older workers in their 50s, in their 60s, and even in the late 60s are high, are rising, and are reasonable compared to many other developed economies. Like me, many people are working well into their 60s now and sometimes into their 70s. And actually, I'm happy to have that work because it gives you something to do. It is

purposeful; it is not just earning money, but I wake up in the morning, and there is something I want to do in life.

So, the economy needs workers. We are short of workers. Older workers are valued, and we should use them best. It is not just a numbers thing, because you also have to adapt the jobs so that older workers can do the jobs. You also have to train the workers so that as they grow older, they can do the available jobs. They may have to change careers because the industry has changed, the old jobs no longer exist, and they have to go to a reconfigured job or even change industries.

And it happens. In the finance industry, for example, you used to have bank tellers. They sit there; you come, smile, chop your bank book, and then do the transaction. But now, everybody is on ATMs. What do you do with the bank tellers? The banks have been training them by the hundreds, sometimes the thousands, to go and do other jobs and redeploy them within the system. And not just say, sorry, I do not need tellers anymore; here is a gratuity, off you go. Some of them, for example, go and become customer service officers. It would help to have them because ATMs are good, but you want a personal touch. If the ATM frustrates you and you press the help button, you want somebody smiling there, and not just – if you do not know how to press this button, press two. Then, you are dealing with a robotic voice, and you get very frustrated. They are there, a face comes up, smiles, says how can I help you as a real person, and talks you through it. There are new jobs, but the change will continue. AI has come. Next time you see a face, it may be synthetic or a real person, and the real person will be free to do something else. We will work hard to ensure they can do something else. We have SkillsFuture, and we have SkillsFuture Singapore (SSG) as an organization that is pursuing this nationally. We put much effort into this and get workers to take it seriously. This year, one of the small hongbao in the big Budget was a $4,000 SkillsFuture grant, which everybody 40 and above will receive and can use for significant training courses. It is not such a small amount of money, but it is a token of how seriously we take it and how much we want you to improve yourself and your opportunities.

CNA: The messaging to Singaporeans has been to adopt this idea of lifelong learning and to upskill. And that message is not just for the older generation. It is for the younger generation as well as for skills acquisition. During your time as Prime Minister, the idea of changing our mindsets regarding upskilling has become more entrenched. How much progress have you seen over the last 20 years?

PM Lee: People understand it. There are a lot of schemes and programs, and many

people have been making use of them. The unions certainly have got the message. The rank and file vary, but when you have a downturn, I think people feel a cold shiver, taking fright and taking it more seriously. When the conditions improve and things improve, the fear is less and they may relax slightly. But with things changing so fast, we cannot afford to relax. So we have to push hard.

One of the things the unions did – Ng Chee Meng's initiative as Secretary-General a couple of years ago – was to start introducing CTCs (Company Training Committees) in companies so that the company works with the union or the worker representatives to discuss what is the upgrading which would be helpful to the company and how to adapt the jobs. And you can work together to keep this training and upgrading productive. Because it is pretty easy for you to go for a course, you get a piece of paper, which may or may not help you in your job. That is not what we want.

So, with the CTCs, it was a good idea. The government-backed it with some financial support; I think $100 million. It has been going very well. The companies are getting the spirit of it now. They have seen it work in other firms and are prepared to do it. I met some unionists preparing for May Day, and one of them told me the scheme is working very well; we are using up the government grant; can you help us a little bit more? If you can get it to work, the money is not the problem. The challenge is to change the mindset, execute the training, and protect and enhance the workers' jobs and livelihoods. And I think we are doing that.

ST: PM, have you had a chance to use your SkillsFuture credits?

PM Lee: I'm still waiting. One day, I will do that. I will take a photography course, or maybe I will take a course on how to appear on TV, be interviewed, and look relaxed.

CNA: It is good to research some of the opportunities out there. There are so many; it is mind-boggling.

PM Lee: There are many, and there are people who will go and attend a course, decide they like it, go deeper into it, and then turn into a photographer or videographer. Some of them turn into social influencers. That is another career that never existed before.

CNA: One of my daughters works in social media management.

PM Lee: Some of them are very successful.

CNA: To wrap up this discussion about the economy – PM, can we talk briefly about how you have been such a vocal advocate for globalization? The headlines keep telling us that the world is becoming more fragmented economically and that globalisation is a bad word. Now, you have said you do not believe that is so. Singapore still needs to stay open. It still needs to have those multilateral rules-based trade relations with as many quarters as possible. But we are seeing these networks starting to evolve right? Smaller groupings evolve. Can we still stay relevant in that environment?

PM Lee: We have to. We have no choice. Other people can say reshoring. What do I restore to Singapore? I am making chips for the world. And if I make all the chips here? First, I need the components and all the supporting industries, which I do not have.

Secondly, who will use them in Singapore if I make a million chips a month? It does not make sense. If I am going to restore and feed myself, I have resilience requirements, and we have the ambition to say 30 by 30 – 30% of nutrition be generated in Singapore by 2030. Maybe I can make 30 by 30. But if you want 100 by 30, what am I going to eat?

I'll be back to planting ubi kayu – tapioca! Which is what people did during the war. So it is not possible. We have to be out there promoting free trade, promoting inter-cooperation, willingness to be interdependent, and willingness to develop the networks of trade, investment, trust and finance to work together. We used to do it on a multilateral scale at WTO (World Trade Organisation). We were very active. WTO negotiations have more than 100 plus countries, now nearly 200. You cannot really discuss with all over 100 participating in the conversation. So, you form groups.

One of the key groups used to be called the Green Room when I was Trade Minister long ago. The Green Room had maybe 20, 30 countries. There were no particular reasons why Singapore would have been entitled to be there, but because our representatives were active and people found us valuable to help the conversation. We were able to be there, participate in the Green Room discussions and at least help to shape the outcomes of the discussions.

The WTO is now paralyzed because many countries are all doing their own thing.

Everybody pays lip service, and then they default. That is very sad. We have to work in other forums. There are smaller forums, but we will work there. We have the TPP (Trans-Pacific Partnership), we were very active. In the end, we nearly got it all the way there to the finish line. Then, the Americans could not participate and opted out. But the Japanese under Prime Minister Abe rallied the rest of us, and the 11 countries got it over. We got the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership). It is an outstanding achievement. Remember that it started as the P4, which Singapore was part of because the P4 was Singapore, New Zealand, Chile, and Brunei.

We started this little FTA (Free Trade Agreement), very little or relatively little trade between us. We were so far away on different corners of the world. But we had a dream. One day others will join in and it will grow into something substantial. That was the nucleus around which eventually CPTPP came.

There are things like that we can do. We are doing that in new fields, for example, the electric economy. You are talking about data, e-commerce, rules for data storage, sharing information, governance, and data security.

You need a new age kind of agreement. And we concluded digital economy agreements. We have one with Britain, one with Australia, and a multilateral one, which we call the DEPA (Digital Economy Partnership Agreement), with New Zealand and Chile. The three of us. And there is a queue to come in. One or two countries are advanced in the queue and will be joining soon. We have to keep on being active. These are smaller-scale platforms, but to us, these are all the more important.