

PM Lee makes fresh plug on raising productivity

It'll be a hard slog, given the poor progress made so far, but Singapore has no other option, he says

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IF Singapore is to achieve the higher end of its economic growth forecast of 2 to 4 per cent per year, the country needs to work hard and boost its productivity by 2 per cent.

This will not be an easy task, said Prime Minister Lee Hsien Loong on Tuesday, given the number of developed countries that have stagnated in their efforts to become more productive, especially since the global financial crisis.

Singapore has not achieved a 2 per cent growth in productivity for the last few years, and the country's ongoing productivity journey is a "hard slog" that requires a transformation of society, the economy and businesses, he said.

Addressing 3,500 people at a lecture organised by the Singapore Management University (SMU), he said: "You have to do things in different ways. You need new companies to come in (and) take over from older ones. There (will be) turnover and churn and uncertainty, and only then can there be progress. So we have to keep at it."

The government has set a target of 2 to 3 per cent annual productivity growth through 2020, but recent numbers have come in much lower than that; productivity was flat last year after a two-year decline.

In delivering the SMU's Ho Rih Hwa Leadership in Asia lecture at the Suntec Convention Centre, Mr Lee explained why the country needed to improve its productivity in the coming decade:

The government has already done the math. The growth of the workforce is not expected to exceed 2 per cent a year; baby boomers are retiring and fewer younger people are joining the workforce, even as Singapore stays the course on the tightening of the supply of foreign manpower.

He told his audience of diplomats, government and business leaders, academics and students that the productivity target may be difficult, but Singapore had no other option.

Larger countries can rely on their hinterland and natural resources to survive, but Singapore has only its human capital to speak of. Improving productivity and maintaining economic growth are thus the only way

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Mr Lee says improving productivity and maintaining economic growth are the only way for Singaporeans to continue finding good jobs and creating opportunities, as Singapore has only its human capital to speak of. PHOTO: ALPHONSUS CHERN/THE STRAITS TIMES

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Productivity can prove to be both an opportunity and a challenge for companies, he said, as he offered two scenarios drawn from port operator PSA, which uses robots to run its cranes more efficiently.

In one scenario, PSA's business can grow because of its improved productivity, which enables its management to raise the salaries of port workers; in the other, the business doesn't expand and large numbers of crane operators become redundant as a result.

The same story of technology displacing jobs also applies to white-collar workers, said Mr Lee. He cited the finance industry as an example of a sector where computer programs and apps are taking over the role of loan officers in assessing loans and credit worthiness.

"Some people think that half of existing jobs may be taken over by computers in one way or another over the next 20 years ... It's a serious message, and we have to stay ahead of the curve and prepare our workers and businesses well for the future economy," he said.

This was why the government recently launched SkillsFuture to help Singaporeans be more resilient and adaptable, he added. This national movement will transform society by recognising people for their skills and contributions, and not so much for their qualifications.

Even as the prime minister identified the economy as the main challenge for Singapore in the next decade, he mapped out two longer-term issues the country has to deal with – population matters and the essence of the Singapore identity.

On the problem of a rapidly ageing

society, Mr Lee said Singapore was experiencing a "major demographic shift" as baby boomers grow older.

By the year 2030, he said, Singapore would have some 900,000 people aged 65 or older – more than four times the number just 15 years ago. Singapore will grow older "faster than nearly every other society" in the world, he warned.

And with this comes implications: "Taxes: who is going to pay the taxes and to spend on whom? The economy: how do we stay prosperous and vibrant and forward-looking? Our defence: who is going to man the SAF (Singapore Armed Forces) and defend us? We cannot be dad's army," he said.

Singapore's biggest challenge in the coming 50 years, however, is to ensure the country remains a "special" one that every citizen would be proud of and want to uphold.

As Singapore progresses, it must

avoid the twin dangers – that of the Singapore identity dissolving amid globalisation, and that of fault lines breaking up the people into distinct groups, each with its own identity.

Whether the country is successful on all these fronts would depend on a strong leadership team at the helm, said Mr Lee. This means having leaders with a sense of responsibility and who are completely committed to Singaporeans and Singapore.

"We need leaders who can win the support of Singaporeans and rally the country together, leaders who can work with us to make the next 50 years as glorious as the last 50 years, and then not only will our next generation enjoy a good life, they will be able to look forward to a brighter future for themselves and their children," he said.