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### For the prescription to work

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# For the prescription to work ...

## Mindset change and inclusive growth must be abiding commitments

EUGENE K BTAN

### ■ POINT OF VIEW

**S**kills, Innovation and Productivity (SIP) is the mantra in our renewed efforts to restructure our economy to generate optimal growth.

This overarching prescription by the Economic Strategies Committee (ESC) seeks to prepare Singapore for the “exceptional decade” ahead which will bring greater opportunities and constraints than before.

The thrust of the ESC’s recommendations has a familiar ring to it. Like its predecessors in 1985 and 2001, they seek to reduce our exposure to the gridlock of growing constraints in land and labour.

In the early 1990s, several prominent economists argued that much of the East Asian Miracle (of which Singapore was part of) was due to perspiration rather than inspiration.

People were working harder, but not necessarily smarter, in generating the additional economic output. Short-term thinking and growth-at-all-costs have now handicapped us in terms of developing our economy.

A bean-counting mindset has also developed – with form taking precedence over substance in growing our economy. Our productivity declines have

been astonishing, and beg the question of how we lost sight of this to our own detriment.

The ESC did not slay any sacred cows. Nonetheless, official stamp has been given to a focus on the quality, rather than the quantity, of growth.

There appears to be a growing emphasis on inclusive growth in Singapore even as we strive to ramp up the value in our economy.

The “quantum leap in productivity” will not necessarily result in a “quantum leap in wages” since there are severe constraints in significantly raising the productivity of the low-skilled workers.

Hence, the developing narrative of inclusive growth is necessary if Singapore’s social compact is not to unravel.

The Workfare Income Supplement scheme looks set to becoming further enhanced and institutionalised as part of Singapore’s tightly-calibrated social safety net.

### WORKERS’ CONCERNS

The imperative to reconfigure the economy will engender fear and worry among the low-skilled workers who will find the economic revamp unsettling.

Foremost on their minds would be whether the new economy will be able to integrate them since the hallmarks of that

economy will be a “mastery of skills and depth of expertise”.

Much as the ESC intends that this mindset apply in whatever jobs Singaporeans do, the truth is that such a call is probably aspirational, and may not gel with Singaporeans who already struggle to make ends meet.

How do we enthuse these workers to upgrade and re-skill when they may not be able to get time off to attend the requisite training?

The recommendation to strengthen income support for low-wage workers suggest that the SIP economy may be out of reach for some Singaporeans.

These inherent limitations to partake in the SIP economy have to be managed adroitly if the income differentials are not to become a political hot potato.

At the same time, we must also strive to maintain the dignity of work and mutual assistance.

Our quest to build a distinctive global city cannot take precedence over our being a nation-state and home.

Singapore as a nation-state cannot be configured like a global city with a hinterland, like New York and London, where the hallmarks of transience, fluidity and an apparent absence of loyalty is evident.

A subtle tension already exists between the so-called cosmopolitans and heartlanders. Will the global city ambitions imperil

the nation-building process?

Even as we seek to differentiate ourselves as an economic port-of-call, a single-minded focus on the economy is short-sighted.

The ESC’s recommendations tacitly recognise that the economy has deep linkages to society that must be nurtured and sustained.

How that will be done remains to be seen – the devil is in the details.

Governments cannot will prosperity on their own. The best economic policy will not work if there is no societal buy-in.

A whole-of-nation partnership approach is needed to take us into the next lap.

The new economic strategies proposed by the ESC will not achieve its desired goals if it does not simultaneously grow our social capital and cohesion.

In our quest to chart new economic directions, it bears remembering that the economy is a means to the end of making a living. The economy cannot be an end in itself.

This overarching narrative of inclusive growth must take prominence in the implementation of the ESC’s recommendations and strategies. ■

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