

History through a Budget lens

The annual Budget statement that is usually delivered by the Minister of Finance offers a glimpse of the most pressing issues of the day, and past speeches offer an overview of Singapore's history. Certain aspects of life, such as the make-up of the economy, have changed over time, while others, such as labour issues, seem to ebb and flow in cycles.



Lim Kim San
Term: 1965-1967

Challenges: My predecessor has never failed to remind us that basically our problem stems from our large and increasing population living in a small island with no natural resources.

Milestones: Mr Speaker, Sir, it is my privilege to present the first Budget of the Independent Republic of Singapore to this house today.

Labour: There are some of our entrepreneurs who are pursuing labour policies more suited for a bygone age. They simply do not recognise that trade unions exist, even responsible ones.



Goh Keng Swee
Term: 1967-1970

Labour: I want to deal with the subject of unemployment in some detail. This has always been the central economic problem of Singapore and the military rundown will obviously make it even more acute than it had been during the last several years.



Hon Sui Sen
Term: 1970-1983

Challenges: 1975 was a year of worldwide recession with the major OECD countries suffering on the average a decline in growth of 2.25 per cent. In the circumstances Singapore's real growth of 4.1 per cent may be considered a fair performance, though it is disappointing compared with the double digit rates of the early Seventies.

Evolving economy: In promoting new industrial projects, it is necessary to be more selective. Increasingly, emphasis will have to be placed on those industries with worldwide markets, with scope for progressive growth in technological content. We must now select industries with greater capacity to contribute towards the development of modern skills at all levels.

With increasingly difficult economic

problems, the government will have to play a greater role in ensuring orderly economic development, in stimulating the economy without rekindling another bout of inflation.

Milestones: The Monetary Authority of Singapore Act was passed. Opportunity was also taken to revise and re-enact the Banking Act, which put on a proper footing the licensing and control of banks and the regulation of their business by the Monetary Authority of Singapore.

Evolving economy: One problem which will pose a threat to our economic growth in the next few years is the tendency to reclassify us as a developed country and thereby deprive us of the assistance accorded to developing countries. This has begun with the IMF efforts to disqualify us from receiving our share of the proceeds of IMF gold sales, on the basis of our exceeding arbitrary GNP levels: We have no illusions about our status. We have not reached the status of a developed country.

Labour: To sustain the accelerating pace of industrial development, manpower with modern skills is required not only to meet immediate demands but also to create a large reservoir of skills at all levels to ensure continuing growth. This calls for a crash programme which can meet both short-term and long-term needs.



Richard Hu
Term: 1985-2001

Challenges: It has been more than a decade since a budget has had to be

presented to deal with a severe recession.

The speed and severity of contagion caught everyone off-guard. What started off as a devaluation of the Thai baht led to widespread financial and economic turbulence in the region.

Evolving economy: During this period of uncertainty, we have emphasised fiscal prudence in planning the government budget.

Milestones: In the equity market, the resolution of the problems currently facing the local stockbroking industry and the introduction of a new Securities Industry Act will mark a new chapter in the annals of our stock market.



Lee Hsien Loong
Term: 2001-2007

Challenges: In the recession last year, all the external engines of our economy sputtered... Nearly 26,000 workers were laid off last year, and unemployment reached 4.4 per cent by the end of 2001. 88,000 Singaporeans were out of work.

We were all hoping for a quick turnaround last year, as our economy had bounced back quickly from previous downturns. But Sars and the war in Iraq dashed our hopes. We had a very difficult first half.

Evolving economy: We now live in a fundamentally changed world. Singapore is at a turning point. We face not just greater economic volatility, but also new political and security uncertainties... As our economy matures, it will be difficult for us to maintain the same high rates of growth that we experienced in the 1980s and 1990s.

Milestones: It is often suggested that if only the government would sell off all the GLCs to somebody else, preferably cheaply, Cinderellas would magically become beautiful princesses. Alas, this only happens in fairy tales... Temasek Holdings is currently working out a charter with MOF that will spell out Temasek's mission, role and responsibilities.

This year, MTI will be proposing to Parliament a competition law covering most sectors of the economy. To complement the liberalisation and deregulation of our economy, we need a means to stop companies from engaging in anti-competitive behaviour and undoing the benefits of efficient and innovative markets.

We have been actively studying the feasibility of an Integrated Resort (IR) in Singapore. The integrated resort will expand our offerings in Singapore and bring in new tourists.

Labour: Around the world, dynamic cities like New York, London and Shanghai are competing for global talent. This is on top of the considerable talent inflow from their national hinterlands. Since Singapore lacks a domestic hinterland, it is even more vital for

us to reinforce our own talent pool with global talent to sustain a sophisticated and globalised knowledge economy. Singapore welcomes anyone, whether entrepreneur, scientist, engineer, manager or artist, who can contribute to our growth and prosperity.

Many companies have told us that the rules are too rigid. For example, they often cannot seize new business opportunities which require more workers, because they cannot find Singaporean workers and yet cannot employ more foreign workers because they have reached the dependency ceiling. We need a price-based mechanism which is more transparent and efficient.

Tharman Shanmugaratnam
2007-Present



Challenges: We are now in the midst of a simultaneous recession in all major regions of the world. Prospects for 2009 remain highly uncertain... We are likely to experience the deepest recession in the Singapore economy since our independence, arising from the worst global economic decline in 60 years.

Evolving economy: Our key goal is to grow our productivity by 2 to 3 per cent per year over the next decade, more than double the one per cent we achieved over the last decade. Raising skills and productivity is the only viable way we can achieve higher wages, and it is the best way to help citizens with low incomes.

Milestones: We are giving special recognition to our Pioneer Generation through a package that assures them of affordable health care.

Labour: Our increasing dependence on foreign workers is not sustainable. It will test the limits of our space and infrastructure, despite our efforts to build more housing and expand our public transport system.